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NORTH AMERICA.

No. 1. (1863.)

CORRESPONDENCE

RELATING TO

THE CIVIL WAR

IN THE

UNITED STATES OF NORTH AMERICA.

Presented to both Houses of Parliament by Command of Her Majesty.
1863.

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TABLE OF CONTENTS.

No.	Date.	SUBJECT.	Page
1. Lord Lyons ..	May 16, 1862	Inclosing article from "National Intelligencer," respecting rumours of foreign intervention, and the prospects of the supply of cotton from the South. Conversation with Mr. Seward on the same subjects. Observations ..	1
2. To Lord Lyons ..	31,	Confederates cannot be blamed for destroying cotton and tobacco to prevent their falling into the hands of the Federals. The Federals should throw open the trade if they wish to secure a supply of those articles ..	3
3. Mr. Stuart ..	June 25,	Mr. Bullitt sent to New Orleans to inquire into the question of cotton supply ..	4
4. To Mr. Stuart ..	July 12,	Cotton might be procured if the Federals would adopt the plan suggested by Her Majesty's Government ..	5
5. " " ..	16,	Mr. Seward's proceedings respecting the cotton supply unsatisfactory. Remarks ..	5
6. " " ..	Aug. 2,	"Oreto" seized at Nassau. To represent to Mr. Seward the inexpediency of issuing letters of marque ..	5
7. Mr. Stuart ..	July 21,	Proceedings in Congress. Compensation for abolition of slavery in Border States. Confiscation Bill amended ..	6
8. " " ..	21,	Mr. Seward's expectations of restoring the Union ..	6
9. " " ..	25,	Prospects of cotton supply at New Orleans. Reports received from Mr. Bullitt and General Shepley ..	7
10. To Mr. Stuart ..	Aug. 7,	Answer to his second despatch of July 21. The prospect of a servile war will only make other nations more desirous to see the end of the conflict ..	7
11. Mr. Stuart ..	July 28,	Conversation with Mr. Seward respecting cotton supply. Mr. Bullitt's Report ..	8
12. To Mr. Stuart ..	Aug. 14,	Prospects of a supply of cotton seem small. Estimate of the crop given by a Lancashire manufacturer ..	9
13. Mr. Stuart ..	3,	Conversation with Mr. Seward respecting cotton supply. Correspondence between General Butler and Mr. Reverdy Johnson ..	9
14. " " ..	8,	Draft of 300,000 men, to serve for nine months, called out ..	10
15. " " ..	8,	Order issued by General Sherman at Memphis placing restrictions upon the purchase of cotton ..	11
16. To Mr. Stuart ..	21,	Satisfaction at General Butler's order respecting cotton. Federals cannot be blamed for obstacles interposed by Confederates ..	12
17. Mr. Stuart ..	12,	Orders given to prevent persons liable to be drafted from quitting the country. Inconvenience to foreigners ..	12
18. Mr. Adams ..	22,	Orders given by General Butler respecting cotton. Explanations respecting Mr. Bullitt's mission ..	14
19. Mr. Stuart ..	15,	Mr. Anderson to proceed to the Western and North-Western States to report on the steps necessary to procure the exemption of British subjects from the draft ..	15
20. " " ..	16,	Has read to Mr. Seward Lord Russell's despatch of the 28th ultimo. His offer to show it to the President ..	16
21. " " ..	16,	Letters of marque not to be issued. As to the equipment of vessels for the Confederates in British ports ..	16
22. To Mr. Stuart ..	Sept. 1,	To remonstrate against General Sherman's order ..	17
23. Mr. Stuart ..	Aug. 22,	General Sherman's order said to have been rescinded by General Grant ..	17
24. " " ..	22,	Report from Mr. Cridland on cotton ..	17
25. To Mr. Stuart ..	Sept. 16,	Approval of Mr. Anderson's mission ..	18
26. Consul Bunch ..	Aug. 13,	Report on the prospects of the cotton crop ..	18
27. Mr. Stuart ..	Sept. 7,	Remarks on the different estimates given of the cotton crop ..	19
28. " " ..	12,	Note from Mr. Seward stating that General Shepley would do all in his power to facilitate the supply of cotton ..	19
29. " " ..	14,	Payment of gold or silver for cotton or other merchandize, prohibited by order of the Treasury ..	20
30. " " ..	23,	Inclosing a Proclamation of the President declaring the emancipation, on the 1st of January next, of all slaves in the "rebellious" States ..	21
31. " " ..	26,	Representation made to Mr. Seward respecting the Treasury order ..	22
32. " " ..	26,	Inclosing a Proclamation of the President suspending the writ of <i>habeas corpus</i> in military cases ..	22

TABLE OF CONTENTS.

No.	Date.	SUBJECT.	Page
33. Mr. Stuart ..	Sept. 29, 1862	Report furnished by Mr. Anderson of his proceedings in the Western States. Ability shown by him in his mission. Advantage derived from it	23
34. " " ..	29,	Conference of Governors at Altoona	29
35. To Mr. Stuart ..	Oct. 16,	Approval of Mr. Anderson's proceedings	30
36. Mr. Stuart ..	6,	Further as to Treasury order respecting dealings with Confederates	31
37. " " ..	7,	Report by Mr. Anderson on state of feeling in the States traversed by him, and the prospects of the cotton crop ..	33
38. To Mr. Stuart ..	23	Have read Mr. Anderson's report with great interest. Approval of ability shown by him	37
39. " " ..	23,	Observations on the effect of the Treasury Order as to purchases from Confederates	37
40. " " ..	23,	Approval of his conduct as Chargé d'Affaires	37
41. Mr. Stuart ..	16,	Estimate of cotton supply received from Mr. Acting Consul Cridland	37
42. " " ..	17,	Result of Congress elections in Pennsylvania, Indiana, Ohio, and Iowa	38
43. " " ..	24,	Further as to elections. Great Democratic gains	38
44. " " ..	Nov. 7,	Elections at New York and in other States	39
45. " " ..	10,	Gratification at approval of his conduct. Credit due to Mr. Anderson, Mr. Clay, and the other members of the Legation	41
46. To Lord Lyons ..	8,	Conversation between Lord Palmerston and Mr. Adams respecting the interference of Federal ships of war with British merchant-vessels	41
47. Lord Lyons ..	17,	Results of the success of the Democrats in the elections. As to foreign mediation	41
48. " " ..	18,	New regulations as to the export of cotton and other articles from places in the military possession of the Federals	44
49. " " ..	21,	Representations made by Lord Lyons and M. Mercier to Mr. Seward respecting the new regulations	45
50. " " ..	28,	Intelligence of the French proposal for an armistice received. Opinions of the press	46
51. " " ..	Dec. 2,	Mr. Seward's views respecting the French proposal	46
52. To Lord Lyons ..	19,	The distress in Lancashire furnishes good reason for the discussion of American affairs by European Powers ..	46
53. Lord Lyons ..	19,	Elections in Louisiana	47
54. " " ..	19,	Proposals made by the Confederates for a supply of cotton. Interview with Mr. Seward	47
55. " " ..	26,	Further communication with Mr. Seward as to cotton supply	49
56. " " ..	Jan. 2, 1863	Proclamation of the President defining the States in which the slaves are declared free	50
57. To Lord Lyons ..	17,	Remarks on the Proclamation inclosed in the above	51
58. Lord Lyons ..	7,	Receipt of Lord Russell's despatch of December 19. Has spoken to Mr. Seward as instructed.	52
59. " " ..	13,	Aspect of affairs. Resolutions of the Republican caucus ..	52

Correspondence relating to the Civil War in the United States of North America.

No. 1.

Lord Lyons to Earl Russell.—(Received May 29.)

(Extract.)

Washington, May 16, 1862.

I HAVE the honour to inclose copies of an article which has appeared in the "National Intelligencer" newspaper this morning, on the subject of rumours which have reached this country from Europe of an intention on the part of England and France to intervene in the present civil war. It is temperate in tone, and is deserving of attention, as it may be taken to express the view of the subject taken by this Government.

Mr. Seward, indeed, spoke himself to me in very much the same language three days ago. The French Government had, he said, all along very frankly communicated to the Government of the United States its perplexities and the sufferings endured by its people in consequence of the interruption of commerce with the South. He had been unable for some time to do more than exhort that Government to have patience and wait with confidence for the alleviation he had promised as the result of the first successes of the United States' arms. He had now redeemed the promises he had made. Three ports were already opened; it would soon be possible to open others. The United States were no longer responsible for the interruption of commerce. If trade should not revive, if foreign nations should still be unable to provide themselves with cotton, tobacco, and other Southern products, the fault would lie, not with the United States but with the "rebels." If the rebels destroyed the cotton and tobacco already in existence, if they gave up the cultivation of those articles, they would do so in opposition to the wishes and in defiance of the authority of the United States. The only course for foreign Powers to take in order to relieve themselves from the sufferings which they already endured, and to secure themselves from the still greater sufferings which threatened them, would be to exert their influence in favour of the prompt restoration of the Federal power in the insurgent States. Peace, the return of confidence, and the consequent resumption of trade and agriculture, would immediately follow the re-establishment of the Union and the Constitution. Mr. Seward added that he did not attach any belief to the rumours that England and France were in communication with a view to intervene in the affairs of this country. He had, indeed, received numerous letters from Europe stating it to be the fact; but he thought that the reports might be traced to the friendly representations to the United States which had been from time to time made by the French Government; that perhaps that Government was willing that such reports should be spread, in the hope that they might tend to make the French people patient.

I observed, that in this conversation Mr. Seward did not speak so confidently as he had formerly done of the opening of the ports being followed by an immediate resumption of trade; nor did he deny so positively that the Southern people would destroy their cotton rather than bring it to market. In fact, such accounts as have become public seem to show that at New Orleans and elsewhere the threats of destroying the cotton have been already to a great extent executed. The article from the "National Intelligencer" to which I have already drawn your Lordship's attention quotes a proclamation from General Beauregard, calling on all patriotic planters to apply the torch without delay to all cotton "in the possible reach of the enemy." So far as the scanty and somewhat uncertain information attainable here at this moment warrants an opinion, this Proclamation is in accordance with the general feeling of the South; an accurate and impartial account of what has really occurred at New Orleans since the capture would give an insight into the probable conduct of the Southern people in other places. The general impression appears to be, that the aversion of the South to the North is so great that disasters in

arms produce only sullen anger ; that, for the present at least, the Federal authority can be maintained in the recovered districts only by military force and martial law.

Opinion is, however, held in supension by the expectation of two great battles, one in Virginia and the other in Tennessee. It is taken for granted in the North that both these battles will be lost by the Confederates. Their conduct afterwards, will, it is supposed, decide the question whether a restoration of the old Union is possible, or whether the war must be waged for the conquest and subjugation of the South.

On the other hand, Southern partisans are confident that in one at least of the battles the Confederates will have the advantage. They think that thus the advance of the Northern troops will be checked. They look to the unhealthiness of the Southern summer climate as a powerful auxiliary ; they trust that taxation and financial difficulties will disgust a large party in the North and North-West with the war. They think that if the Confederates can hold out this summer, they will not have to apprehend another campaign conducted by the North on the same scale and with the same spirit as that which this spring proved so disadvantageous to the South.

Inclosure in No. 1.

Extract from the "National Intelligencer" of May 16, 1862.

RUMOURED FOREIGN INTERVENTION.—We stated yesterday, on the authority of the telegraph, that the steamer "Niagara" had arrived at Halifax on the 14th instant, bringing intelligence from Liverpool down to the 3rd of this month. Her despatches, it was added, "state that it is positively asserted in official circles in Paris that the French and English Ministers at Washington have received identical instructions to attempt a moral intervention in the hope of putting an end to the civil war existing in America."

A previous arrival from Europe—that of the "Jura," bringing dates down to the 1st instant—advised us that the Paris correspondent of the "Indépendance Belge" had asserted in the most positive manner that the projected intervention by France and England in American affairs is confirmed, and that the South will be required to guarantee the emancipation of her slaves. The same authority pretended that a secret Treaty exists between France and Spain providing for the early abolition of slavery in Cuba.

The consistency which these rumours of "foreign intervention" in our troubles appear to have obtained in Europe has induced many of our contemporaries to discuss the probabilities of their authenticity, and several among the most intelligent avow the conviction that the reports have, to some extent and in some form, a basis in fact. The New York "Courier des Etats-Unis" sees, however, as we conceive with more likelihood, nothing more in these oracular outgivings than an echo of the surmises aroused in Europe, as in this country, by the late visit of M. Mercier to Richmond ; the fact of such a visit having been learned on the Continent at the date of these rumours respecting the alleged purpose of England and France to attempt a composition of the pending dissensions in the United States.

To any "moral intervention" of these Powers having for its object to effect a reconciliation of the belligerent parties on the basis of the Union and the Constitution, there could of course be no possible objection in the mind of any humane or patriotic citizen. But any intervention which proposes to put an end to the pending war because that war compromises the industrial interests of Europe, and which, in this view, shall ask the United States to acquiesce in the bisection of their territory, will be an intervention that involves the practical military alliance of England and France with the so-called Confederate States. If the paramount consideration with these Powers is the acquisition of cotton to keep their factories in motion, and if they have persuaded themselves that the Southern planters will not consent to part with that staple except on the condition of being independent of all control by the Government of the United States, it necessarily follows that any foreign intervention directed to this end and prompted by this motive would be an act of hostility to the United States, and as such it would not only be resented, but resisted to the last extremity.

The President of the United States, giving civil effect to the progress of our arms in reclaiming the ports temporarily wrested from the authority of the National Government, has just issued a proclamation opening to the trade of the world the great commercial *entrepôt* of the South-west. In accordance with this proclamation, Mr. Secretary Chase has issued a circular prescribing the rules by which the trade with re-opened ports is to be regulated.

Side by side with such declarations on the part of the National Government, we read

proclamations like the following, from the leading Commander of the insurgents in the South-west:—

“*Memphis, April 27, 1862.*”

“To Planters South: The casualties of war have opened the Mississippi to our enemies. The time has therefore come to test the earnestness of all classes; and I call on all patriotic planters owning cotton in the possible reach of our enemies to apply the torch to it without delay or hesitation.

((Signed) “G. T. BEAUREGARD.”)

Mr. Benjamin, the Confederate Secretary of State, in reply to an inquiry by a Southern firm whether cotton purchased on foreign account would be treated as exempted from the general law which declares that all cotton shall be destroyed when it is about to fall under the control of the National Government, has announced that no exception is to be made in the premises indicated.

That is, what the usurping Government is not strong enough to hold under its sway is to be destroyed. By every act of such destruction that Government publishes to the world its own weakness, and at the same time inflicts ruin on its victims while spreading apprehension throughout the manufacturing nations of Europe; alarmed at the threatened “famine of cotton.”

But shall it be said that we are menaced with an intervention in behalf of the insurrection just at the time when it is offering these manifestations of impotence and desperation? Can a rebellion claim recognition by virtue of its weakness, or sympathy because of the recklessness of its leaders? If so, the parties who recognize it at such a stage in its progress must become its suborned champions in the face of the civilized world, and must expose themselves to the imputation of having been coerced by selfish considerations into co-operation with insurgents at the very moment when, alike on political and moral grounds, they have the least claim on the recognition of independent States.

It would, indeed, be a singular paradox in the history of nations and of public law, if England and France should undertake to impose on the United States the obligation of desisting from the war to maintain their authority because, without such intervention coming to its aid, the armed sedition was not likely to prove strong enough to establish commercial relations for the sale of cotton, and because, in default of this strength, it was passionate enough to destroy what it could not longer hold.

Those who reflect on the conditions of the problem presented by foreign intervention in the present aspect of our affairs will, therefore, be very slow to believe any rumours which imply that a rebellion has, by its weakness and yet its violence, extorted from England and France that patronage which established Governments can rightfully concede only to Powers that have vindicated their independence among the commonwealth of States. If any intervention is proper under such circumstances, whether in the name of humanity or in behalf of European interests imperilled by the destructive spirit of secession, it would be a “moral intervention” in behalf of the rightful authority of the National Government within the States which are made the scenes of such world-wide calamities. And in support of such an intervention it must be remembered that it is the military domination of the Confederate Government which constrains the burning of cotton. In that portion of Tennessee over which the authority of the National Government is extended, the export of cotton suffers no impediment. The same result will doubtless ensue in other portions of territory reclaimed from the dominion of the insurrection, unless all the cotton should be burned, and if it be burned it no longer remains to serve as a pretext for a different kind of intervention.

No. 2.

Earl Russell to Lord Lyons.

My Lord;

Foreign Office, May 31, 1862.

MR. SEWARD in his conversation with your Lordship, reported in your despatch of the 16th instant, appeared to attribute blame to the Confederates for destroying cotton and tobacco in places which they evacuate on the approach of the Federal forces. But it appears to be unreasonable to make this a matter of blame to them, for they could not be expected to leave such articles in warehouses to become prize of war, and to be sold for the profit of the Federal Government, which would apply the proceeds to the purchase of arms to be used against the South.

If the Federal Government wish to make it possible for Europe to purchase cotton, they will ensure to each Southern planter who wishes to sell his crop, the money which the buyer pays for it. But in that case no distinction must be made between Federalist and Confederate. The transaction must be independent of political allegiance, or it will not take place at all.

You may speak to Mr. Seward in this sense if you have an opportunity of doing so.

I am, &c.
(Signed) RUSSELL.

No. 3.

Mr. Stuart to Earl Russell.—(Received July 11.)

(Extract.)

Washington, June 25, 1862.

WITH reference to the steps which I had taken to make Mr. Seward acquainted with your suggestion that the export of cotton might be facilitated by securing to the Southern planters, without reference to their political allegiance, the prices which purchasers chose to pay for their crops, I have the honour to state that Mr. Seward reverted to that subject during my visit to him yesterday at the State Department.

He said that, with every desire to interpose as few obstacles as possible to the carriage of cotton to European markets, the United States' Government could not take any decision in the matter without further information as to the quantity of cotton ready for market, the quantity at present planted, the disposition of the planters, and other correlative points; but that he had already appointed an agent, who was well versed in all matters relating to cotton, to proceed to New Orleans, with a view to procure, and to furnish to the State Department, the information required.

Mr. Seward then proceeded to read to me the instructions which he had prepared for Mr. Bullitt, the gentleman in question, and he had the kindness to place in my hands a copy of them, as herewith inclosed. They are conceived in a liberal spirit, and the reports of Mr. Bullitt will be of great interest; but some delay will necessarily ensue before any practical advantages can result from his mission.

I have since learnt from Mr. Seward that Mr. Bullitt has already started for New Orleans, and that orders were at the same time sent to General Butler to proclaim an amnesty for the past to all, as I understood him, who would take the oath of allegiance to the Federal Government. Mr. Seward wished me to believe that this would at once produce the effect desired by your Lordship, and ensure an abundant supply of cotton; and, on my appearing to doubt it, he assured me that the Southern planters were, for the most part, men of Union sympathies, who would gladly avail themselves of such an opportunity to dispose of their crops.

It is scarcely necessary for me to add that I am not yet prepared to share Mr. Seward's expectations on this matter.

Inclosure in No. 3.

Mr. Seward to Mr. Bullitt.

Sir,

Department of State, Washington, June 23, 1862.

EUROPEAN nations, who are principal consumers of United States' cotton, are naturally anxious that as few obstacles as possible to its carriage to their markets should be interposed. The blockade of the ports and coast of the United States has hitherto, for more than a year past, almost entirely prevented its exportation to that quarter, but in proportion as the authority of this Government has been restored in them, hopes of a supply of the article have been indulged. These hopes have not been materially realized, partly from the fact that cotton, in some of these ports, has been destroyed by the order of the insurgent authorities, to prevent its falling into the possession of those of the United States. It is supposed that this destruction would not have been ordered or would not have been made, if a conviction had not been entertained that all cotton found within the territory recovered by our arms, whether belonging to loyal or disloyal citizens, would be seized for the benefit of the military authorities or the Government of the United States. A wish has accordingly been intimated to this Government for a pledge that if holders of

the cotton, whatever may have been the part which they have taken in the existing insurrection, will send the article to market, it may be freely sold or exported. This subject has been taken into consideration, but no decision in regard to it can be reached until we have further information as to the quantity of cotton ready for market, the quantity planted for the next crop, the disposition of the planters generally in regard to its sale and exportation, and other correlative points. You have, consequently, been selected as an Agent to proceed to New Orleans, for the purpose of collecting for, and reporting to, this Department the desired information.

I avail, &c.
(Signed) WILLIAM H. SEWARD.

No. 4.

Earl Russell to Mr. Stuart.

(Extract.)

Foreign Office, July 12, 1862.

HITHERTO the supply of cotton from the Southern States seems to have been very insignificant, and the question appears to lie between the total destruction of cotton and its free purchase by neutral buyers.

If Mr. Seward and the Cabinet will adopt the plan suggested by me, cotton might be procured.

This matter deserves the serious consideration of the Government of the United States.

No. 5.

Earl Russell to Mr. Stuart.

Sir,

Foreign Office, July 16, 1862.

THE conduct of Mr. Seward, in regard to the export of cotton, as reported in your despatch of the 25th ultimo, is far from being satisfactory.

It was not necessary to send an Agent to New Orleans to ascertain the quantity of cotton ready for market, the quantity planted for the next crop, the disposition of the planters generally in regard to its sale and exportation, and other correlative points.

The question is one of fair conduct towards neutrals, to enable their people to carry on the industry by which they live.

Mr. Seward always held out the expectation that when the Southern ports were taken by the Federals, and the authority of the United States restored in those ports, cotton would be forthcoming to be purchased for the use of Europe.

New Orleans and other Southern ports have been taken, and the United States' authority restored therein, but the cotton is not forthcoming. The remedy should not have been delayed, nor the interests of neutrals treated with so little regard.

I am, &c.
(Signed) RUSSELL.

No. 6.

Earl Russell to Mr. Stuart.

(Extract.)

Foreign Office, August 2, 1862.

YOU are no doubt aware that the British vessel "Oreto" has been seized in the port of Nassau by Commander Hickley of Her Majesty's ship "Greyhound," acting in concert with the Governor of that Colony.

I abstain from expressing any opinion on the case, pending its investigation by the competent tribunals. The United States' Consul at Nassau having affirmed that the "Oreto" was intended for the service of the Government of the so-styled Confederate States, a revenue officer was placed on board of her, and she was constantly inspected and her proceedings narrowly watched by the senior naval officer on the station, and she was at last seized, not, as would appear, on account of any overt act of illegality which had

been committed, but by reason of the strong suspicions to which her proceedings had given rise.

Her Majesty's Government trust that the Government of the United States will see in what has occurred in this instance the strongest proof of the desire of this country to fulfil its international obligations, and will hesitate to carry into effect the intention which Mr. Adams announced to me yesterday of issuing letters of marque with a view to checking depredations on United States' commerce by cruisers of the so-styled Confederate States. There do not appear to be sufficient reasons for making such a measure necessary, and you are instructed to urge upon Mr. Seward the danger of dispute and violence in dealing with the vessels of friendly Powers if that extreme course should be determined on.

No. 7.

Mr. Stuart to Earl Russell.—(Received August 4.)

(Extract.)

Washington, July 21, 1862.

CONGRESS adjourned on the 17th instant until the first Monday of December next.

The last few days of the session were marked by proceedings of the highest importance on the part of the President of the United States, who, in the first instance, on the 12th instant, sent for the Representatives and Senators of the Border Slave-holding States, and earnestly urged upon them the adoption of his gradual emancipation policy, and reproached them with their neglect of his previous proposal to that effect.

Your Lordship will find in the "National Intelligencer" of the 18th instant, the written paper which the President read upon the occasion, in explanation of his sentiments, as well as the written replies which were subsequently made to him by the majority of those present, by the minority, and by Mr. Maynard, one of their number.

The President next, on the 14th instant, sent a Message to Congress, applying for authority to compensate such of the Border States as may take practical steps towards the gradual abolition of slavery. The draft of the Bill which accompanied the Message has been laid over until the ensuing session.

The next act of the President was in regard to the Confiscation Bill, which had lately passed both branches of the Legislature by large majorities. It was intimated by a Senator on the penultimate day of the session that the President would interpose his veto upon the Bill in question unless it received certain modifications in a liberal sense.

A Resolution was accordingly proposed and adopted by both Houses—not, it is true, without a certain amount of dissatisfaction—providing that the Bill was not to have a retroactive application, and limiting forfeitures of real estate to the lifetime of the offender.

Your Lordship will understand how materially such a Resolution neutralizes some of the stipulations of the Bill which had occupied so much of the labours of the session. On the day following the President sent a Message informing Congress that he had signed both the Bill and the Resolution as being substantially one Act, together with the draft of another Message which he had prepared, stating the constitutional objections which would have made him feel it his duty to veto the Bill in the event of the accompanying Resolution not having been passed.

These proceedings created considerable discontent amongst the more advanced members of the Republican party, just as they were separating to return to their respective States.

No. 8.

Mr. Stuart to Earl Russell.—(Received August 4.)

(Extract.)

Washington, July 21, 1862.

WITH regard to the feeling of the Southern States, Mr. Seward still professes to believe that there is a large Union party there, and he assured me that the Border Slave-holding States are now irrevocably attached to the Union, referring me to the reply of the Representatives of those States to the President's appeal to them to at once initiate gradual emancipation. The President's compensation scheme had done much to conciliate them.

Upon my asking whether it was intended to govern the Southern States, supposing them to be regained, as conquered provinces, and what would be the numbers of the

standing army required for such a purpose, Mr. Seward answered that there was no desire to govern the Southern States at all; that it was absolutely necessary for this Government to possess the Border States, including Virginia; that then it would be sufficient to have captured the ports and to collect customs, to hold the Mississippi and the other navigable rivers, and to occupy certain strategic points, and that this done the Southern States might well be left to themselves. Some six or nine months would probably be sufficient to bring them to reason.

Amongst the means relied upon for weakening the South is included a servile war.

No. 9.

Mr. Stuart to Earl Russell.—(Received August 7.)

My Lord,

Washington, July 25, 1862.

WHEN I called upon Mr. Seward this morning, he had just received a Report upon Cotton from Mr. Bullitt at New Orleans; and General Shepley, the new Military Governor of Louisiana, who has come to Washington for instructions, had just left him.

He told me that Mr. Bullitt estimated the cotton-crop of last year at 4,000,000 bales, and the amount which had been exported, chiefly through Mexican ports, at 200,000 or 300,000 bales (Mr. Seward was not quite certain of the exact quantity). This, with the quantity destroyed, amounted to 500,000 bales, leaving an aggregate balance of 3,500,000 bales. Mr. Bullitt had only heard of one instance in which a planter had spontaneously destroyed his own cotton, and he believed a large proportion of the crop to belong to persons who are well disposed to the Union. Owing to the repressive measures of the military authorities on both sides, there had hitherto been no opportunity for cotton to be brought forward, and one of the measures alluded to was the requirement of the oath of allegiance. Should these measures be relaxed, the sale of cotton would commence.

General Shepley on his part stated to Mr. Seward that, had the military authorities been aware that it was the desire of the United States' Government to encourage the export of cotton, they would have taken measures accordingly; that now he knew the policy of his Government in this respect, he would do all in his power, upon his return to New Orleans, to carry that policy into effect, and that he did not doubt that his efforts with that object would be attended with a satisfactory.

The General is to return to New Orleans immediately.

Upon my expressing doubts as to whether any measures would be effectual so long as the oath of allegiance was required, and so long as your Lordship's plan was not adopted for securing to the planter the price of his crop, Mr. Seward informed me that that plan was still under the consideration of the Cabinet; and from information derived from other sources, I have reason to think that it has been the cause of discussions in Cabinet Councils.

Mr. Seward, in the course of our conversation, called my attention to the fact mentioned in the newspapers of yesterday, that 850 bales of cotton had been exported from New Orleans in two days. He was unable to tell me the amount of cotton supposed to be in store at New Orleans. He asked me to bear in mind that cotton would for the most part have to run the gauntlet of all the Confederate obstacles placed in its way before it could reach the Federal lines.

I have, &c.
(Signed) W. STUART.

No. 10.

Earl Russell to Mr. Stuart.

Sir,

Foreign Office, August 7, 1862.

WITH reference to the paragraph in your despatch of the 21st ultimo, in which you say that a servile war is included in the means relied upon for weakening the South, I have to observe that the prospect of a servile war will only make other nations more desirous to see an end of this desolating and destructive conflict.

I am, &c.
(Signed) RUSSELL.

Mr. Stuart to Earl Russell.—(Received August 9.)

(Extract.)

Washington, July 28, 1862.

MR. SEWARD sent to me to-day a summary of Mr. Bullitt's Report upon cotton, to which I alluded in my despatch of the 25th instant, and a copy of a despatch which he had received from General Shepley upon the same subject.

I have the honour to inclose copies of both these documents herewith.

Upon my inquiring of Mr. Seward whether he would give me any specific assurance that cotton purchased by neutrals would not be seized or confiscated by the Federal authorities, he answered that he could not consent to do so.

I had hoped that the United States' Government would have done more towards encouraging the export of cotton, but in consequence of the Confiscation Act the question has become one of increased difficulty; and within the last few days the Cabinet seems rather to have receded from the disposition which was evinced at one time of acting upon your Lordship's proposal to permit business transactions in cotton without reference to the political opinions or allegiance of the seller.

A fear lest the proceeds should contribute towards the resources of the so-called Confederate Government has also had its weight.

On the other hand, in the absence of an assurance from Mr. Seward, it is unlikely that the Confederate Government will put a stop to the destruction of cotton when exposed to fall into the possession of the Federal forces.

The most hopeful feature in the matter is General Shepley's despatch, which is indicative of an intention to remove such obstructions in the way of the export of cotton as he may think himself able to dispense with. He moreover expresses confidence in his power to bring forward increased quantities of cotton for shipment. It has been decided to confide in his efforts in the first instance, and to postpone any further measure until the present experiment proves a failure.

I much wish that I could announce to your Lordship the adoption of a more liberal policy in regard to cotton. Public opinion, however, would now be adverse to concessions granted either exclusively to foreigners or to cotton proprietors; and Mr. Seward took occasion to remind me that the former are now dispensed from the oath imposed upon American citizens.

I have duly informed him of your Lordship's views upon the question as laid down in your despatch of the 12th instant.

Inclosure 1 in No. 11.

Memorandum on Supply of Cotton.

Mr. BULLITT, the agent appointed by the State Department to visit New Orleans, and ascertain the condition of affairs in regard to the probable supply of cotton, reports in substance:

That the cotton in that region has been heretofore prevented from coming to market, under the instructions of the insurgents and by military authority; that it has chiefly been bought by foreigners, and that this fact is known to the insurgents, but has not modified their policy of preventing the cotton from coming to market; that there is not, and has not been, any reason to apprehend that the United States' authorities would confiscate or seize such cotton, nor could there have been any such apprehensions among the holders of the cotton.

Mr. Bullitt says, that the owners of the cotton have hitherto been without the facilities of navigation for bringing it from its depositories on or near the plantations to New Orleans, and that they have been hindered also by some military regulations of the army, established for its own safety and for the security of the Government. Colonel Shepley, recently appointed Military Governor of Louisiana, is now here, and he will immediately return to New Orleans. He says, these military regulations may be so modified in practice as to favour the export of cotton, and so considerably increase it. He has been instructed to do so, so far as he can with a due regard to the safety of the military position.

Mr. Bullitt, upon information, estimates the entire crop of 1861 at 4,000,000 of bales of 500 lbs. each, of which 500,000 bales may perhaps have found its way out, lawfully and unlawfully or been destroyed by the insurgents. Practically none has been destroyed by its producers or lawful owners. According to this estimate there remains 3,500,000 bales.

Two-thirds of this quantity is not in a marketable condition, owing to the impossibility hitherto of procuring bagging and rope. A considerable quantity has not yet been ginned, and a very large quantity is said to have been baled in only the rudest manner, and so it is in no proper condition to bear transportation. These troubles, however, will soon be remedied under the new administration of General Shepley.

Mr. Bullitt estimates the crop now growing, with the advantage of a favourable season, at half the quantity of last year.

Inclosure 2 in No. 11

General Shepley to Mr. Seward.

Sir,

Washington, July 26, 1862.

AFTER reflecting upon the suggestions made yesterday by you in relation to the exportation of cotton from the port of New Orleans, I have the honour to state that I feel confident that the line of policy indicated by you would very greatly increase the quantity of cotton for shipment from that port.

Immediately upon my return to Louisiana I shall afford every possible facility to citizens and foreign residents and commercial agents to enable them to collect and forward the large amounts of cotton now remaining on the plantations, and I confidently expect a large increase in the supply of cotton from the Lower Mississippi.

I have, &c.

(Signed) G. F. SHEPLEY,
Military Governor of Louisiana.

No. 12.

Earl Russell to Mr. Stuart.

(Extract.)

Foreign Office, August 14, 1862.

BETWEEN the difficulties raised by the Federals, and the obstacles interposed by the Confederates, the chance of obtaining a supply of cotton this year seems very small.

I observe that Mr. Bullitt reckons the produce of cotton this year at half that of last year, that is, about 2,000,000 bales. A Lancashire cotton-spinner, however, who left New Orleans in the middle of May, assured me that no one estimated the crop beyond 800,000 or below 500,000 bales.

No. 13.

Mr. Stuart to Earl Russell.—(Received August 17.)

(Extract.)

Washington, August 3, 1862.

I INQUIRED of Mr. Seward yesterday whether the inclosed correspondence between General Butler and Mr. Reverdy Johnson relative to trade in cotton and sugar at New Orleans was authentic, and whether he approved the declaration therein made by the General, which appeared to me to be of a most satisfactory nature.

Mr. Seward replied to both questions in the affirmative, and stated that he believed it to be owing to the spirit of the instructions which he had furnished to Mr. Johnson that this liberal policy had been adopted.

I then informed him of the disappointment experienced by your Lordship on finding that, instead of acting on the plan which you had proposed through me for the sale and export of cotton, he had sent Mr. Bullitt to New Orleans to report upon the cotton crop; and, in order to make him better acquainted with the exact grounds of your Lordship's dissatisfaction, I showed to him your despatch of the 16th ultimo.

Upon reading it, he said that there had been no intention on his part to evade the question by sending Mr. Bullitt to New Orleans. He begged me to explain that he had appointed Mr. Bullitt to that mission before I had spoken to him on the subject of cotton, and that it had been his earnest desire to treat the whole question in the most liberal spirit; and he now thought that cotton would be forthcoming, as the certainty of receiving payment for their crops would prove a temptation which the present owners could not afford to resist.

I should not be acting fairly towards Mr. Seward did I not express to your Lordship my belief that he has been most anxious to do all in his power to facilitate the export of cotton to Europe, and that he is now glad that General Butler has made such a timely declaration as that which is herewith inclosed.

General Butler has cut the knot, and, as far as New Orleans is concerned, his declaration, if literally acted upon, as Mr. Seward believes it will be by General Shepley, appears to be as liberal as any which your Lordship could have suggested.

It remains to be seen whether public opinion in the south-west, whatever may be the wants and desires of the planters, will permit cotton to be transported in any quantity to the Federal lines.

Inclosure in No. 13.

Extract from the "New York Tribune" of August 1, 1862.

SEIZURE AND CONFISCATION.—The following correspondence between Major-General Butler and the Honourable Reverdy Johnson we copy from "The Delta :"—

"To the Hon. Reverdy Johnson.

" *Head-Quarters, Department of the Gulf,*

"My dear Sir,

New Orleans, July 21, 1862.

"Permit me to iterate and reiterate again and again what you knew so well before, but which these deluded people seem determined never to believe, that no merchandise, whether cotton or sugar, will in any event be seized or confiscated by the United States' authorities here.

"I will assure safe conduct, open market, and prompt shipment of all such property sent to New Orleans, and the owner, were he Slidell himself, should have the pay for his cotton, if sent here under this assurance.

"I am, &c.

(Signed) "BENJ. F. BUTLER."

" *United States' Commissioner's Office, Custom-House,*

New Orleans, July 21, 1862.

"My dear General,

"I needed not your note of this morning to satisfy me on the subject to which it relates. The public mind should have been put right upon it by your proclamation of the 7th of May.

"In these times, however, opinion is so sensitive, and misrepresentations so frequent on all matters touching the unfortunate condition of the country, that I am glad to have your note with the privilege to make it public. The restoration of commerce in and from this port is a result so important to the interest of this State, the United States, and the Governments of Europe, that it seems strange that an intelligent man should have doubted your wish, as the Representative of our Government, to do all that you could to bring it about.

"If there be any really existing fear upon the point, your note (for which I thank you) cannot fail to remove it. The Confederate Government, as it calls itself, may burn and destroy the cotton and sugar of the people whom they claim to represent, and whose rights they pretend to be anxious to protect. They may, too, for a time, succeed in keeping alive the delusion of their followers, but an intelligent Southern public and an intelligent European opinion will soon, if it has not already, discover the shallowness of the pretence, and see, unless soon arrested by the fostering power of the Government, the certain ruin to which it must lead.

"With great respect, &c.

(Signed) "REVERDY JOHNSON."

No. 14.

Mr. Stuart to Earl Russell.—(Received August 21.)

(Extract.)

Washington, August 8, 1862.

THE newspapers of the 5th instant published the inclosed copy of an order from the War Department, calling into immediate service a draft of 300,000 men, to serve for nine months, unless sooner discharged.

This call is in addition to the previous one which was made by the President for

300,000 volunteers in the beginning of last month, and it is further ordered that drafting shall be resorted to in any State which shall not have furnished its quota to those volunteers by the 18th instant, in order to make up the deficiency.

The appearance of energy thus evinced by the Government has once more encouraged the hope that the war will be brought to a speedy conclusion, and the measure has been generally supported by the press. To disapprove would be attributed to a lack of patriotism.

The present calls will raise the drain of men taken for the army during the last eighteen months to about 6 per cent. of the entire population, and this does not include thousands of others who are withdrawn from their ordinary productive avocations to minister to the requirements of the armies in the field. When I tell your Lordship that the ordinary rate of wages has lately been estimated to me as being at from one dollar to one and a half per day, you will be enabled to appreciate to a certain extent the immense burdens which the nation is being called upon by its rulers to bear.

Whether it will be found possible to raise the numbers required may well be considered doubtful. Another question is, how are such vast additional masses to be officered?

Recruits have been volunteering in greater numbers since the new call, in order that they may receive the bounties, which will cease as soon as drafting commences.

Inclosure in No. 14.

Extract from the "National Intelligencer" of August 5, 1862.

A CALL FOR ADDITIONAL TROOPS: A DRAFT OF MILITIA.—There has recently been a call, in certain quarters, for "greater vigour" in the prosecution of the war, and "proclamations" of one kind or another, under the Confiscation Act, have been desiderated to this end. But here is an "order" from the President, through the Secretary of War, which has an air of business, and earnestness, and determination about it which will be gratifying to all who can discriminate between a real and a spurious energy. This is the kind of "proclamation" which portends harm to the enemy:—

"War Department, Washington, August 4, 1862.

"Ordered, 1. That a draft of 300,000 men be immediately called into the service of the United States, to serve for nine months, unless sooner discharged. The Secretary of War will assign the quotas to the States, and establish regulations for the draft.

"2. That if any State shall not, by the 18th of August, furnish its quota of the 300,000 Volunteers authorized by law, the deficiency of Volunteers in the State will also be made up by special draft from the Militia. The Secretary of War will establish regulations for that purpose.

"3. Regulations will be prepared by the War Department and presented to the President with the object of securing the promotion of officers of the army and Volunteers for meritorious and distinguished services, and of preventing the nomination or appointment in the military service of incompetent or unworthy officers. The regulations will also provide for ridding the service of such incompetent persons as now hold commissions.

"By order of the President.

(Signed) "EDWIN M. STANTON, *Secretary of War.*"

No. 15.

Mr. Stuart to Earl Russell.—(Received August 21.)

My Lord,

Washington, August 8, 1862.

I REGRET to observe that whilst General Butler, at New Orleans, had published the satisfactory declaration respecting the sale and purchase of cotton which I had the honour to inclose in my despatch of the 3rd instant, General Sherman, who commands at Memphis, had issued orders of an exactly contrary nature in the latter town.

Upon reading these orders, as contained in the inclosed extract from the "New York Tribune" of the 6th instant, I went to show them to Mr. Seward. He said they could only relate to the internal cotton trade, as the Federal Government had not yet succeeded in opening the Mississippi, owing to the resistance still met with at Vicksburg,

but admitted that, if not impeded, some cotton might find its way to Buffalo and other places, and thence to Europe. He then took the extract from me with the intention of discussing the matter with Mr. Secretary Chase, to whom his advice would be to let cotton come out in whatever way it could.

Such contradictory declarations as those of General Butler and General Sherman may well produce doubts on the minds of the Southern planters as to whether their cotton will be confiscated or not, when it is brought under the jurisdiction of the Federal authorities.

I have, &c.
(Signed) W. STUART.

Inclosure in No. 15.

Extract from the "New York Tribune" of August 6, 1862.

Memphis, Tennessee, July 30, 1862.

GENERAL SHERMAN has issued the following orders to the Quartermaster's Department:—

1. To permit no money, gold, silver, or Treasury notes, to pass into the hands of Secessionists or Union men for cotton, corn or other produce.
2. To seize all cotton that may be purchased after this date, and consign the same North for sale, the proceeds to be held subject to the claim of the owners.
3. Any merchant or trader disbursing money for the above-named articles, after being informed of this Order, will be arrested and tried by the Military Commission for aiding the enemy.
4. Citizens may procure cotton if they get it by giving obligations to pay for it at the end of the war, or at the pleasure of the Government; or if they deposit the value of it with the Quartermaster, to be held in trust for the benefit of the owner.

No. 16.

Earl Russell to Mr. Stuart.

Sir,

Foreign Office, August 21, 1862.

REFERRING to your despatch of the 3rd instant, you will state to Mr. Seward that Her Majesty's Government are glad to find that he approves of General Butler's Proclamation or Order with regard to the export of cotton.

The United States' Government cannot certainly be made responsible for any obstacles placed by the Confederates on the exports of cotton from territory in their possession.

I am, &c.
(Signed) RUSSELL.

No. 17.

Mr. Stuart to Earl Russell.—(Received August 24.)

My Lord,

Washington, August 12, 1862.

IN pursuance of the "vigorous policy" which is now thought necessary for the successful prosecution of the war, orders, as herewith inclosed, were issued by the War Department on the 8th instant, forbidding citizens liable to be drafted into the militia to leave the United States for a foreign country, enjoining the arrest of any person liable to draft, who shall absent himself from his country or State before such draft is made, suspending the writ of *habeas corpus* in respect to all prisoners so arrested, or arrested for disloyal practices; and also enjoining the arrest of any person engaged by act, speech, or writing, in discouraging enlistments, and the trial of such persons before a Military Commission.

A notice is further given by the State Department that until the requisitions of the War Department on the several States for their quotas shall have been complied with, no passports will be issued for any male citizen of the United States liable to be drafted.

On the same afternoon, and before the above orders can have become generally known, they were enforced with great severity, and hundreds of travellers were arrested, on the

trains going to New York, at Baltimore, and I believe also at Philadelphia. Many of these were British subjects who intended to sail for Europe on the following day.

Mr. Acting Consul Edwards will, no doubt, have reported to your Lordship the distressing scenes which occurred in New York on Saturday before the steamers for Europe were permitted to start. Upon his telegraphing to me the state of affairs there, I went to Mr. Seward to request that British subjects, and those who had taken their places before the orders were issued, might not be detained. He agreed to instruct the Provost Marshal not to detain alien passengers, but would make no further concession.

I have not yet learnt from Mr. Edwards in what manner his difficulties were eventually solved.

Whatever may be the amount of private dismay and inconvenience occasioned by the above orders, they have been received by the Press with the usual approbation given to arbitrary acts during this war.

The inclosed supplementary instruction, which is published this morning, modifies in some important respects the strict execution of the order in regard to internal travelling.

I have, &c.
(Signed) W. STUART.

Inclosure 1 in No. 17.

Extract from the "National Intelligencer" of August 9, 1862.

War Department, Washington, August 8, 1862.

Order to Prevent Evasion of Military Duty, and for Suppression of Disloyal Practices.

1. By direction of the President of the United States it is hereby ordered that until further order no citizen liable to be drafted into the Militia shall be allowed to go to a foreign country, and all Marshals, Deputy-Marshals, and military officers of the United States are directed, and all police authorities, especially at the ports of the United States on the seaboard and on the frontier, are requested to see that this order is faithfully carried into effect. And they are hereby authorized and directed to arrest and detain any person or persons about to depart from the United States in violation of this order, and report to Major L. C. Turner, Judge Advocate, at Washington City, for further instruction respecting the person or persons so arrested or detained.

2. Any person liable to draft, who shall absent himself from his County or State before such draft is made, will be arrested by any Provost Marshal, or other United States' or State officer, wherever he may be found within the jurisdiction of the United States, and conveyed to the nearest military post or depôt, and placed on military duty for the term of the draft, and the expenses of his own arrest and conveyance to such post or depôt, and also the sum of five dollars, as a reward to the officer who shall make such arrest, shall be deducted from his pay.

3. The writ of *habeas corpus* is hereby suspended in respect to all prisoners so arrested and detained, and in respect to all persons arrested for disloyal practices.

(Signed) EDWIN M. STANTON, *Secretary of War.*

War Department, Washington, August 8, 1862.

Ordered.—1. That all United States' Marshals and Superintents and Chiefs of Police of any town, city, or district, be and they are hereby authorized and directed to arrest and imprison any person or persons who may be engaged, by act, speech, or writing, in discouraging volunteer enlistments, or in any way giving aid and comfort to the enemy, or in any other disloyal practice against the United States.

2. That immediate report be made to Major L. C. Turner, Judge Advocate, in order that such persons may be tried before a Military Commission.

3. The expenses of such arrest and imprisonment will be certified to the Chief Clerk of the War Department for settlement and payment.

(Signed) EDWIN M. STANTON, *Secretary of War.*

Department of State, Washington, August 8, 1862.

Notice is hereby given that until the requisitions of the War Department on the several States for quotas of their Militia shall have been complied with, no passports will

be issued from this Department for any male citizen of the United States liable to be drafted into that branch of the service.

(Signed) WILLIAM H. SEWARD.

Publishers of the laws of the United States will give the above three insertions.

Inclosure 2 in No. 17.

Extract from the "Baltimore Sun" of August 12, 1862.

CIRCULAR FROM THE WAR DEPARTMENT RELATIVE TO THE EVASION OF MILITARY DUTY.—*Washington, August 11.*—The following is a copy of the Circular issued this day from the War Department:—

"War Department, Washington, August 11, 1862.

"To Military Commandants, Provost Marshals, United States' Marshals, and Police Officers.

"You will receive herewith an order of the War Department to prevent the evasion of military duty, and for the suppression of disloyal parties, dated the 8th of August, 1862.

"This order, to be efficient, is necessarily very comprehensive in its terms, and its proper execution requires the exercise of sound judgment and discretion in the officers to whom its enforcement is entrusted, and to guard you in its execution the following instructions are to be observed:

"1. The order comprises two classes of persons, viz., those who are about leaving the United States to evade military duty, and those who for the same purpose leave their own State. Leaving the United States until the military draft is perfected is absolutely prohibited, but it was not the intention of the order to interfere with the transit from State to State of any persons but those who desire to evade military duty.

"Whenever you have reason to believe that the purpose is to evade military duty, the order will authorize the detention of any person leaving his own State, county, or military district.

"2. Any person detained may be released on giving bonds to the United States, with sufficient security, in the sum of 1,000 dollars, conditional for the performance of military duty, if he should be drafted, or the providing a proper substitute.

"3. Immediate report is to be made to the office of all persons detained, with the cause of their detention.

"4. You will exercise the power of arrest and detention with continued forbearance, so as to avoid giving annoyance or trouble to any person excepting those who are seeking to evade the performance of their duty to their country.

"5. The Governors of the respective States are authorized to give passes and permits to their own citizens desiring to leave the State without intent to evade military duty.

"By order of the Secretary of War.

(Signed) "L. C. TURNER, *Judge Advocate.*"

No. 18.

Mr. Adams to Earl Russell.—(Received August 25.)

My Lord,

Legation of the United States, London, August 22, 1862.

I AM directed to transmit to your Lordship the accompanying copies of a correspondence which has taken place at New Orleans between General Butler and Mr. Reverdy Johnson, a gentleman commissioned by the Government of the United States to take the necessary measures to facilitate the re-opening of trade at that port. I am further directed to say that the policy indicated by General Butler in his letter is approved. In respect to some misconception which appears to have been entertained as to the date of Mr. Bullitt's mission, taken in connection with a suggestion made by your Lordship to the Secretary of State through Mr. Stuart, I am requested by Mr. Seward to remark that Mr. Bullitt's mission was directed, and that he was on his way, before your Lordship's suggestion was received.

I also transmit a copy of a note of the Commander-in-chief of the army addressed to the Secretary of State, dated the 4th of August, furnishing some information of the progress of the trade in cotton.

I should have been more fully executing the wishes of my Government had I been able to enjoy the advantage of a personal conference with your Lordship, for the benefit of fuller explanations than I can make in a note. But as this course was not open to me, I have thought it more advisable to perform my duty in this form than to delay or to omit it altogether.

Renewing, &c.
(Signed) CHARLES FRANCIS ADAMS.

Inclosure 1 in No. 18.

Major-General Butler to Mr. Johnson, July 21, 1862.

[See Inclosure in No. 13.]

Inclosure 2 in No. 18.

Mr. Johnson to Major-General Butler, July 21, 1862.

[See Inclosure in No. 13.]

Inclosure 3 in No. 18:

General Halleck to Mr. Seward.

Sir, *Head-Quarters of the Army, Washington, August 4, 1862.*

I AM informed that from 300 to 350 bales of cotton are daily arriving at Columbus, Kentucky, viâ the Mobile and Ohio railroad, and that much more would be brought out if transportation could be supplied.

I have no information as to the number reaching Memphis.

Very respectfully, &c.

(Signed) H. W. HALLECK.

No. 19.

Mr. Stuart to Earl Russell.—(Received August 31.)

My Lord,

Washington, August 15, 1862.

THE panic prevalent among British subjects in view of the impending draft for the militia has become so great, as evinced by the numbers of letters which I am receiving daily from such persons applying for advice or exemption certificates, and there are so many of the Western and North-Western States in which there is no British Consul, that it became necessary for me to devise some extraordinary means of meeting the emergency.

It was impossible for me to send certificates of nationality to my correspondents upon their mere assertion that they were British subjects, and the only advice I could give them was that they should make affidavits before a magistrate or notary public declaring that they were British subjects by birth, and that they had never taken any steps towards becoming naturalized as citizens of the United States. The possession of such a document will, probably, in some States be sufficient to procure their exemption from military service, but the requirements of other States may be more difficult of execution.

I accordingly determined to send Mr. Anderson to visit the different States, where his presence is most likely to be beneficial to our countrymen. His journey will be as rapid as possible, as there will be much ground for him to transverse. He started on the 13th instant and was the bearer of letters of introduction, for which I had applied to Mr. Seward, to the several Governors of Ohio, Illinois, Kentucky, Indiana, Wisconsin, and Michigan.

His object will be to have an interview with each of those Governors, from whom he will learn what particular papers will be sufficient to prove British nationality for exemption from the draft, and I have suggested to him that he might then issue a suitable notice in the local journals for the information of British subjects. I also hope that Mr. Anderson's interviews with the Governors will show them that protection will be extended to British subjects within their States, and otherwise produce a conciliatory effect. He will, moreover, place himself in communication with one or two of the principal British residents in the large towns, in order to reassure them by his advice and presence.

Mr. Seward expressed his entire approval, when informed of Mr. Anderson's journey, and was most obliging in providing him with letters for the Governors of the States indicated.

Mr. Anderson is thoroughly imbued with the spirit in which I sent him upon this mission, and it was unnecessary to furnish him with any written instructions for his guidance. I have no doubt that his conduct will be marked by his usual discretion and ability.

I have, &c.
(Signed) W. STUART.

No. 20.

Mr. Stuart to Earl Russell.—(Received September 14.)

My Lord,

Washington, August 16, 1862.

I THOUGHT that the best way of acting upon your Lordship's despatch of the 28th ultimo* would be to read it to Mr. Seward, which I accordingly did during my interview with him this morning.

He listened attentively, but made no observations, merely asking me when I had finished whether I should like him to show it to the President.

I declined this offer, as it seemed rather made from politeness than from an idea that the despatch would produce any effect upon the President's mind, and as your Lordship had not even instructed me to read it to Mr. Seward, I did not feel authorized to leave it with him.

I have, &c.
(Signed) W. STUART.

No. 21.

Mr. Stuart to Earl Russell.—(Received August 30.)

(Extract.)

Washington, August 16, 1862.

I HAD an interview this morning with Mr. Seward, when, as instructed by your Lordship in your despatch of the 2nd instant, I represented to him the danger of disputes which would probably ensue, should the United States' Government carry into effect the intention, which Mr. Adams had announced to your Lordship, of issuing letters of marque with a view of checking depredations on United States' commerce by cruisers of the so-styled Confederate States.

Mr. Seward answered that in consequence of the late friendly act of Her Majesty's Government, or of the British authorities at Nassau, in seizing the steam-ship "Oreto," and in the expectation that Her Majesty's Government would pursue the same course with regard to other vessels which were fitting out in British ports for a similar purpose, a recourse to letters of marque would not for the present be resorted to, although he could not assure me that such a measure might not hereafter be found necessary.

He also alluded to the case of the other steamer† which had lately escaped from Liverpool, and I explained to him that, in that case, as well as in that of the "Oreto," Her Majesty's Government had done all which they legally could do, and that they would do the same in future, whenever proofs could be furnished that vessels were being equipped in British ports in violation of the Foreign Enlistment Act, or of the Queen's Proclamation of neutrality.

After some conversation, on his side upon the difficulty of producing proofs in such cases, and on mine upon the impossibility of acting on mere suspicions, Mr. Seward gave me the assurance that the idea of letters of marque was at any rate suspended for the present; and he added that he hoped that the great additions which are being made to the United States' navy would soon be sufficiently completed to render the measure altogether unnecessary.

* See "North America : No. 12," presented to Parliament in 1862 ; No. 2.

† The "Alabama."

No. 22.

Earl Russell to Mr. Stuart.

Sir,

Foreign Office, September 1, 1862.

HER Majesty's Government have read with much regret the order of which a copy is inclosed in your despatch of the 8th instant, issued by General Sherman from Memphis on the 30th ultimo. That order is in direct opposition to the declarations of General Butler, and cannot fail to discourage any disposition on the part of Southern planters to part with their cotton, and I have accordingly to instruct you to remonstrate with Mr. Seward against it.

I am, &c.
(Signed) RUSSELL.

No. 23.

Mr. Stuart to Earl Russell.—(Received September 4.)

My Lord,

Washington, August 22, 1862.

I HAVE the honour to inclose an extract from the "National Intelligencer" of the 20th instant, purporting to contain an order issued by Major-General Grant, rescinding the order of General Sherman at Memphis, which was transmitted to your Lordship in my despatch of the 8th instant, and annulling all restrictions upon the sale of cotton, and upon the payment thereof in specie.

General Grant states that he has thus acted in pursuance of orders received from Washington.

I have, &c.
(Signed) W. STUART.

Inclosure in No. 23.

Extract from the "National Intelligencer" of August 20, 1862.

COTTON ORDERS RESCINDED.—The order of General Sherman, at Memphis, prohibiting the purchase of cotton with gold or silver, has been rescinded. Major-General Grant on the 11th instant issued the annexed General Order:—

"In pursuance of orders from head-quarters of the army at Washington, all restrictions on the sale of cotton and the prohibition of the payment of gold therefor are hereby annulled. Every facility possible will be afforded for getting cotton to market.

By order of Major-General U. S. Grant,
(Signed) JNO. A. RAWLINS, *Assistant Adjutant-General.*

General Sherman accordingly caused a notice to be published in the Memphis papers to the same effect. The cotton-trade is once more open.

No. 24.

Mr. Stuart to Earl Russell.—(Received September 4.)

(Extract.)

Washington, August 22, 1862.

I HAVE barely time to forward to your Lordship the accompanying copy of an interesting report which has just reached me from Mr. Cridland, at Richmond, relative to the amount of cotton now remaining in the Southern States, and to the improbability of its being exported in any quantity for some time to come.

Inclosure in No. 24.

Acting Consul Cridland to Mr. Stuart.

(Extract.)

Richmond, August 8, 1862.

I HAD the honour on the 10th of June last of forwarding to Lord Lyons the copy of a despatch respecting cotton—its destruction and probable crop for this year. On the receipt of your letter of the 17th ultimo I again made every inquiry on the subject, and have now the honour to place before you all the information obtained, which was given to me by a most intelligent gentleman from Alabama.

It seems certain that there are still in the South 3,000,000 bales of cotton, and these are far removed from danger.

The crop this year will be about 1,000,000 bales, and unless the ports are open within the next seven months no seed will be planted throughout the South in 1863.

I am informed that the amount of cotton carried to the coast has been small and only for the purpose of running the blockade to Cuba or Nassau, and that this was done with the permission of the Confederate authorities.

In Alabama scarcely any cotton has been destroyed, except where the enemy could reach it, and though there were persons not disposed to burn their crop, had they not done so their neighbours would have applied the torch sooner than see it fall into the hands of the enemy.

The rivers are now so low that even were the ports open for export none could be sent to Mobile or the coast before the month of January next. In the city of Mobile, which usually exports 600,000 bales, there are now not more than 500 bales. All the information leads to the belief that in the Cotton States not more than a fourth of a crop has been seeded. About 800,000 bales of cotton are believed to have been destroyed by fire since the war commenced. The cultivation of cotton, from all I can learn, is considered quite an art in the Cotton States, and should the Northerners get possession of the entire South, or where cotton is cultivated, they would find it impossible to raise the same without a long experience. Any person undertaking the operation without a thorough experience, or a competent overseer, or the necessary knowledge, would find that he could not pay his expenses, much less make it profitable. The present price of cotton in the interior of Alabama is 14 cents; at Mobile it is 10 cents per lb. The idea of course is, that when the cotton can be shipped it will command a high price.

I was further informed that flour in the interior of Alabama is selling at 31 dollars per barrel.

No. 25.

Earl Russell to Mr. Stuart.

Sir,

Foreign Office, September 16, 1862.

I APPROVE of your having sent Mr. Anderson to the Western and North-Western States to arrange with the authorities for the exemption of British subjects from military service, as stated in your despatch of the 15th ultimo.

I am, &c.
(Signed) RUSSELL.

No. 26.

Consul Bunch to Earl Russell.—(Received September 18.)

My Lord,

Charleston, August 13, 1862.

THE near approach of the close of the "cotton year," which is computed from the 1st of September, seems to render appropriate a few remarks upon the condition and amount of the crop which has been planted during the last spring and summer, as well as some general information on the subject of the cotton supply from the Southern States of America.

I begin by expressing my regret that the disturbed state of the country, and the irregularity of communication, render it more difficult than usual to procure trustworthy details: but I have taken some pains to collect the information, and venture to think that it may be depended upon.

There can be but little doubt that the crop of 1862 would, under ordinary circumstances, have reached 4,500,000 bales. But, in consequence of the civil war, not more than 1,500,000 have been planted. It is thought by some that the present crop will not exceed 1,000,000 bales, but I have reason to believe that the supply from Texas has been under-estimated. That state has been, as yet, very little disturbed by military operations, so that agriculture has been less interfered with than elsewhere. On the banks of the Mississippi very little cotton has been planted, as the danger is too great. It is only in the interior of the various States, at a distance from the great rivers, that the crop of this year is to be found.

The crop of 1860 was disposed of, and, in a considerable measure, exported before the blockade of the Southern ports was established. But it is calculated that 750,000 bales still remain on hand.

The crop of 1861 amounted to about 2,750,000 bales. Of these about 1,000,000 bales have been destroyed at various places, to prevent their falling into the hands of the Federals. The rest is stored in the interior of the different States. Much of it has been bought by foreigners, who hope to preserve it, as neutral property, through all the dangers of the war.

About 50,000 bales have run the blockade successfully. One cargo has gone to Barcelona, and one to France.

I do not take into the account the product of the Sea Islands of South Carolina and Georgia; they are in the possession of the Federals, and I have no means of ascertaining whether any cotton at all has been grown there during the present season.

The amount, therefore, of cotton remaining in the Southern States at this date, which might be available to foreign commerce so soon as the blockade is removed, may be said to stand thus:—

	Bales.
Remainder of crop of 1860	750,000
Undestroyed crop of 1861	1,750,000
Crop of 1862 (not yet picked)	1,500,000
	<hr/>
	4,000,000
Shipped through the blockade	50,000
	<hr/>
Remaining in the South	3,950,000

It must, of course, be remembered that a portion, or the whole, of this accumulation may be destroyed at any moment by the Southern people.

I have, &c.
(Signed) ROBERT BUNCH.

No. 27.

Mr. Stuart to Earl Russell.—(Received September 21.)

My Lord,

Washington, September 7, 1862.

MR. BUNCH has forwarded to me a copy of his despatch to your Lordship of the 13th ultimo, relative to the produce of this year's cotton crop, and to the quantity of cotton still remaining from former crops; and I had the honour to forward to you Mr. Cridland's Report upon the same subject in my despatch of the 22nd ultimo.

These Reports materially differ from that drawn up by Mr. Bullitt for Mr. Seward's information, as well as in some points from each other; but I should conclude from them that the Lancashire cotton-spinner to whom your Lordship alludes in your despatch of the 14th ultimo must have considerably underestimated the amount of the present crop.

I have, &c.
(Signed) W. STUART.

No. 28.

Mr. Stuart to Earl Russell.—(Received September 29.)

My Lord,

Washington, September 12, 1862.

I HAVE the honour to transmit to your Lordship herewith a copy of a note which I have received from Mr. Seward, informing me that he has learnt from General Shepley,

the Military Governor of Louisiana, that there are now no restrictions of any kind upon the receipt or shipments of cotton at New Orleans on the part of the Federal authorities, and that all proper and legal means would be used to overcome the obstacles interposed to its arrival by the Confederates.

I likewise inclose copy of my answer to Mr. Seward's note.

I have, &c.
(Signed) W. STUART.

Inclosure 1 in No. 28.

Mr. Seward to Mr. Stuart.

Sir,

Department of State, Washington, September 11, 1862.

IN a letter to this Department of the 29th ultimo, General Shepley, the Military Governor of Louisiana, represents that he is doing everything in his power towards increasing the exports of cotton from New Orleans. He adds that there are now no restrictions of any kind on the part of the military or civil authorities of the United States which impede the receipts of cotton at or its shipment from that port. The obstacles interposed are entirely those of the insurgents, and these he would use all proper and legal means to overcome.

I have, &c.
(Signed) WILLIAM H. SEWARD.

Inclosure 2 in No. 28.

Mr. Stuart to Mr. Seward.

Sir,

Washington, September 12, 1862.

I BEG to thank you for your obliging communication of yesterday, wherein you had the kindness to inform me that General Shepley, Governor of Louisiana, represents to you that he is doing everything in his power towards increasing the exports of cotton from New Orleans.

It will give me pleasure to forward this information to Her Majesty's Government, who have certainly no desire to make the United States' Government responsible for any obstacles placed by the so-called Confederates in the way of the export of cotton from territory in their possession.

I have, &c.
(Signed) W. STUART.

No. 29.

Mr. Stuart to Earl Russell.—(Received September 29.)

(Extract.)

Washington, September 14, 1862.

I YESTERDAY informed Mr. Seward, as instructed by your Lordship in your despatch of the 21st ultimo, that Her Majesty's Government were glad to find that he approved of General Butler's proclamation or order with regard to the export of cotton from New Orleans.

Mr. Seward accepted the compliment, and referred to his note to me of which a copy was inclosed to your Lordship in my despatch of the 7th instant, respecting the efforts of General Shepley to promote the export of cotton.

I regret, however, to find on reading the newspapers this morning that in the 2nd Article of a series of Regulations dated the 28th ultimo, concerning internal and coastwise commercial intercourse with States and sections declared to be in insurrection, the Secretary of the Treasury forbids the payment of gold or silver for cotton or any other merchandise on pain of the forfeiture of the articles so purchased.

Mr. Stuart to Earl Russell.—(Received October 6.)

My Lord,

Washington, September 23, 1862.

I HAVE the honour to inclose herewith a proclamation of the President of the United States, which was dated yesterday and published this morning, declaring the prospective emancipation of slaves on the 1st of January next, "within any State, or designated part of a State, the people whereof shall then be in rebellion against the United States."

I have, &c.

(Signed) W. STUART.

Inclosure in No. 30.

Extract from the "National Intelligencer" of September 23, 1862.

By the President of the United States of America.

A PROCLAMATION.

I, ABRAHAM LINCOLN, President of the United States of America, and Commander-in-chief of the army and navy thereof, do hereby proclaim and declare that hereafter, as heretofore, the war will be prosecuted for the object of practically restoring the constitutional relation between the United States and each of the States, and the people thereof, in which States that relation is or may be suspended or disturbed.

That it is my purpose, upon the next meeting of Congress, to again recommend the adoption of a practical measure tendering pecuniary aid to the free acceptance or rejection of all Slave States, so called, the people whereof may not then be in rebellion against the United States, and which States may then have voluntarily adopted, or thereafter may voluntarily adopt, immediate or gradual abolishment of slavery within their respective limits; and that the effort to colonize persons of African descent, with their consent, upon this continent or elsewhere, with the previously obtained consent of the Governments existing there, will be continued.

That on the 1st day of January, in the year of our Lord 1863, all persons held as slaves within any State, or designated part of a State, the people whereof shall then be in rebellion against the United States, shall be then, thenceforward, and for ever free; and the Executive Government of the United States, including the military and naval authority thereof, will recognize and maintain the freedom of such persons, and will do no act or acts to repress such persons, or any of them, in any efforts they may make for their actual freedom.

That the Executive will, on the 1st day of January aforesaid, by proclamation, designate the States, and parts of States, if any, in which the people thereof respectively shall then be in rebellion against the United States; and the fact that any State or the people thereof shall on that day be in good faith represented in the Congress of the United States, by members chosen thereto at elections wherein a majority of the qualified voters of such State shall have participated, shall, in the absence of strong countervailing testimony, be deemed conclusive evidence that such State, and the people thereof, are not then in rebellion against the United States.

That attention is hereby called to an Act of Congress entitled "An Act to make an additional Article of War," approved March 13, 1862, and which Act is in the words and figures following:—

"Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled, that hereafter the following shall be promulgated as an additional Article of War for the government of the army of the United States, and shall be obeyed and observed as such:

"ARTICLE.—All officers or persons in the military or naval service of the United States are prohibited from employing any of the forces under their respective commands for the purpose of returning fugitives from service or labour who may have escaped from any persons to whom such service or labour is claimed to be due; and any officer who shall be found guilty by a court-martial of violating this Article shall be dismissed from the service.

"Section 2. And be it further enacted, that this Act shall take effect from and after its passage."

Also, to the ninth and tenth sections of an Act entitled "An Act to suppress insurrection, to punish treason and rebellion, to seize and confiscate property of rebels, and for other

purposes," approved July 17, 1862, and which sections are in the words and figures following :—

"Section 9. And be it further enacted, that all slaves of persons who shall hereafter be engaged in rebellion against the Government of the United States, or who shall in any way give aid or comfort thereto, escaping from such persons and taking refuge within the lines of the army ; and all slaves captured from such persons, or deserted by them and coming under the control of the Government of the United States ; and all slaves of such persons found on or being within any place occupied by rebel forces and afterwards occupied by the forces of the United States shall be deemed captives of war, and shall be for ever free of their servitude, and not again held as slaves.

"Section 10. And be it further enacted, that no slave escaping into any State, territory, or the District of Columbia, from any other State, shall be delivered up, or in any way impeded or hindered of his liberty, except for crime, or some offence against the laws, unless the person claiming said fugitive shall first make oath that the person to whom the labour or service of such fugitive is alleged to be due is his lawful owner, and has not borne arms against the United States in the present rebellion, nor in any way given aid and comfort thereto ; and no person engaged in the military or naval service of the United States shall, under any pretence whatever, assume to decide on the validity of the claim of any person to the service or labour of any other person, or surrender up any such person to the claimant, on pain of being dismissed from the service."

And I do hereby enjoin upon and order all persons engaged in the military and naval service of the United States to observe, obey, and enforce, within their respective spheres of service, the Act and Sections above recited.

And the Executive will in due time recommend that all citizens of the United States who shall have remained loyal thereto throughout the rebellion shall (upon the restoration of the constitutional relation between the United States and their respective States and people, if that relation shall have been suspended or disturbed) be compensated for all losses by acts of the United States, including the loss of slaves.

In witness whereof I have hereunto set my hand and caused the seal of the United States to be affixed.

Done at the City of Washington, this 22nd day of September, in the year of our Lord 1862, and of the Independence of the United States the eighty-seventh.

(Signed) ABRAHAM LINCOLN.

By the President :
(Signed) WILLIAM H. SEWARD, *Secretary of State*.

No. 31.

Mr. Stuart to Earl Russell.—(Received October 13.)

(Extract.)

Washington, September 26, 1862.

WITH reference to your Lordship's despatch of the 1st instant, I some days ago informed Mr. Seward that I was instructed to remonstrate with him against General Sherman's order respecting the purchase of cotton, but that I had since observed with regret that the Treasury orders recently issued by Mr. Chase fully confirmed General Sherman's orders, and that they would supersede the liberal policy of Generals Butler and Shepley at New Orleans in regard to the cotton trade.

Mr. Seward showed great surprise when I explained to him the nature of the Treasury orders, which he said had escaped his attention, and he asked me to send him a copy of them, which I did. He has promised to inquire into the matter.

No. 32.

Mr. Stuart to Earl Russell.—(Received October 10.)

My Lord,

Washington, September 26, 1862.

ANOTHER Presidential Proclamation, of which I do myself the honour to inclose a copy herewith, was published yesterday, ordaining a general suspension of the writ of *habeas corpus* in cases of arrest or imprisonment by the military authorities.

It would be difficult to exaggerate the importance of this measure. It is applicable to all persons who are or who may be arrested by any military authority. It may be said to place the whole nation under martial law. Personal liberty will now only exist by military sufferance.

Your Lordship will observe that there is no law quoted in justification of this unprecedented usurpation of power, except that of a so-called necessity.

The nation has shown itself so little jealous of its liberties during the past months that the Proclamation will probably be accepted with submission as an essential act of vigour for the successful prosecution of the war.

I have, &c.
(Signed) W. STUART.

Inclosure in No. 32.

Extract from the "National Intelligencer" of September 25, 1862.

By the President of the United States.

A PROCLAMATION.

WHEREAS it has become necessary to call into service not only Volunteers but also portions of the Militia of the States by draft, in order to suppress the insurrection existing in the United States, and disloyal persons are not adequately restrained by the ordinary processes of law from hindering this measure and from giving aid and comfort in various ways to the insurrection:

Now, therefore, be it ordered—

1. That during the existing insurrection, and as a necessary measure for suppressing the same, all rebels and insurgents, their aiders and abettors, within the United States, and all persons discouraging volunteer enlistments, resisting militia drafts, or guilty of any disloyal practice, affording aid and comfort to the rebels against the authority of the United States, shall be subject to martial law, and liable to trial and punishment by courts martial or military commission.

2. That the writ of *habeas corpus* is suspended in respect to all persons arrested, or who are now, or hereafter during the rebellion shall be, imprisoned in any fort, camp, arsenal, military prison, or other place of confinement by any military authority, or by the sentence of any court-martial or military commission.

In witness whereof, I have hereunto set my hand, and caused the seal of the United States to be affixed.

Done at the city of Washington, this twenty-fourth day of September, in the year of our Lord one thousand eight hundred and sixty-two, and of the independence of the United States the eighty-seventh.

(Signed) ABRAHAM LINCOLN.
(Signed) WILLIAM H. SEWARD, *Secretary of State*.

No. 33.

Mr. Stuart to Earl Russell.—(Received October 13.)

My Lord,

Washington, September 29, 1862.

MR. ANDERSON returned to Washington on the 18th instant, and I have the honour to inclose herewith a copy of the Report which he has addressed to me of his proceedings in the Western States.

Whilst doing himself credit by the tact and ability with which he has managed matters of a somewhat delicate nature, his mission has evidently been of great benefit to the numerous British residents in the States which he has visited, and I only regret that I could not dispense with his services at the Legation for a sufficiently long period to enable him to visit the States in the North-West, as originally intended.

He proposes to draw up a separate report upon the state of public feeling and other matters of interest which came under his observation during his journey.

I have, &c.
(Signed) W. STUART.

Inclosure 1 in No. 33.

Mr. Anderson to Mr. Stuart.

(Extract.)

Washington, September 28, 1862.

IN compliance with the instructions which I received from you on the 12th ultimo, I proceeded without delay to the Western States, and I have now to report that I have succeeded in making such arrangements in those States as, I hope, will remove many of the obstacles which have hitherto made it difficult for British subjects to secure respect for their rights as aliens and neutrals in the present war.

I found in the first State which I visited, that of Ohio, that it was expected that every alien should be provided with a Consular certificate as proof of his nationality, in case of his applying for any of the immunities to which, as an alien, he was entitled. This I found to be also the case in the other States which I subsequently visited. The disadvantages of this plan are obvious. The only British Agent west of the Alleghanies to whom British subjects can apply for certificates is the Consul at St. Louis, in the distant State of Missouri. Personal application either to him or to the Consuls in the Eastern States is impossible for the majority of British subjects; and it would seem to be very undesirable that Consuls should be receiving evidence of nationality, and sending certificates in return, by means of the ordinary post, considering that they can have no means of ascertaining the character of the applicants, nor, in the present uncertainty of postal communication, of securing that the papers may not fall into other hands than those for which they are intended, and the seal of British Consulates being used possibly to protect avowed enemies of the United States. It is also apparent that, in most cases, a considerable time must elapse before such certificates could be procured, while there might be urgent necessity for their being procured without delay.

I accordingly pointed out to the Governor of Ohio the difficulty of aliens complying with this requirement, and inquired whether he would not be prepared to accept proofs of nationality which might be more easily obtained, and be equally satisfactory with Consular certificates. He said that he was well aware of the difficulty, but thought that the best mode of meeting it would be to appoint Vice-Consuls in the principal towns of the State, such as Cincinnati and Cleveland, and that those officers should be United States' citizens of known respectability, whose certificate, founded on knowledge or investigation of each separate case, would be considered ample evidence of nationality. I remarked that this would involve the appointment of an immense number of officials simultaneously all over the United States (in some States two or more would be required), and that this course could not be taken without instructions from Her Majesty's Government; that it would involve at least considerable delay, while the difficulties to be met were urgent; and that the Legation could hardly undertake the responsibility of selecting so many persons competent to fill situations involving such delicate relations with aliens, and which would be created only to meet a temporary want.

He then said that he should be ready to accept any arrangement I might propose which could give reasonable security against a draft, if resorted to, being evaded through its means, by persons who were strictly liable to the obligations of citizens. I suggested an affidavit, sworn to before a Notary Public; remarking that this was the evidence on which Consular certificates were usually issued, and that the exempting officers on the spot would probably be at least as well qualified to judge of the validity of those documents as a distant Consul. The Governor said that he would be perfectly ready to accept such a proof, subject, of course, to investigation in suspicious cases; but that it might be advisable that persons producing these documents should also furnish themselves with certificates as to their character and position from respectable residents of the State in case the officers should, in any instance, require further proof. This suggestion appeared to me reasonable, and I accordingly prepared a draft of a notice embracing it, which I submitted to the Governor, and which obtained his warm approval. This notice I proposed to insert in the principal newspapers of the State, while the Governor promised to issue the necessary instructions to the Commissioners appointed for considering claims of exemption, to accept the proof suggested as sufficient evidence.

As at that time passes were required to enable persons to cross the frontier of the various States, which passes were granted to citizens only on taking the oath of allegiance and giving a bond to return by a certain date, and considerable difficulty in obtaining passes was experienced by aliens who refused to accept these conditions, I inserted, with the consent of the Governor, in the notice which I proposed to publish, a recommendation to British subjects wishing to leave the State, to provide themselves with affidavits of their nationality; and I obtained from the Provost Marshal of Cincinnati an assurance that he would respect these documents.

In Indiana I had no difficulty in procuring from the Governor assurances that the same proofs of nationality should be considered sufficient, both as regarded exemption from draft and applications for passes to leave the State.

I inclose copies of the notices which I published in these two States.

In Illinois the Lieutenant-Governor promised me that he would shortly issue instructions to the exempting officers to be appointed in the various districts, giving them directions with regard to aliens, and instructing them to receive notarial affidavits as evidence of nationality. He also promised me that he would forward copies of these instructions to the Governors of the remainder of the North-Western States, which I had not time to visit, with a recommendation to them to issue similar instructions. He expressed himself as being perfectly confident that this course would remove all difficulties. He also undertook to send copies of the instructions to Her Majesty's Consul at St. Louis. He said that it would take two or three weeks to perfect his arrangements ; sufficient time has not yet elapsed for their completion.

The necessity for immediate action has diminished, as there is now little prospect of a draft being enforced for the present ; but from the state of feeling which I found to exist, it appears to me of great importance that the exemption should be claimed at a time when a draft is not imminent. It was for this reason that I urged upon the Governor of Illinois the appointment of officers to consider claims of exemption with as little delay as possible. When I visited Ohio and Indiana a draft was supposed to be imminent, and large numbers of British subjects were claiming exemption, which was causing considerable excitement and ill-feeling. As it became evident that the prospect of the draft was growing more distant, the excitement cooled down, and as the majority of the British subjects in those States have, probably, now obtained their exemption papers, and the machinery for doing so is in working order, it is not likely that this state of things will recur, except under exceptional circumstances, such as have recently occurred in Cincinnati. In Missouri the State Militia was suddenly called out, causing a rush for protection papers on the part of British subjects, principally Irishmen of the lower classes ; and such was the public indignation that serious riots would have ensued, but for the exertions of Mr. Wilkins to preserve order, and the cordial support which he received from the military authorities. When, however, the claims for exemption are once admitted the danger will be very much lessened, and a great cause of popular irritation removed.

In Kentucky I found that somewhat different measures were required. The State was under martial law, and was the seat of war ; the persons and property of British subjects were therefore exposed to constant danger, and it was evident that it was necessary for them to have in their possession evidence of their nationality, which could be produced at any moment on an emergency arising. The danger of being including in a draft was one of the least perils to which they were exposed. On consultation with the authorities and the principal British residents, I found that a machinery existed in the State which appeared to me admirably adapted to the purpose. The Judges presiding over the various County Courts were represented to me as being generally men of intelligence and ability, and who could be relied upon for sifting impartially evidence brought before them as to nationality. On proof being given, certificates would be issued by the Courts in their character of Courts of Record, with the seal of the Courts affixed, stating that satisfactory evidence had been deposited in the Court that the person named in the certificate was a foreigner, never having forfeited his original allegiance. As these papers would be issued by Courts whose authority was equally recognized by the Federals and Confederates, there would appear to be reasonable probability of their being respected by both parties. I therefore, with the approval of the authorities, recommended British subjects in the State of Kentucky to procure certificates of this character, and I stayed long enough in the State to satisfy myself that the arrangement worked well.

I inclose a copy of the notice which I inserted in the newspapers of Louisville.

I may here mention that on making inquiry in the Western States north of the Ohio, with the view of ascertaining whether the County Courts in those States might not be made available for the same purpose, I found that it would be nearly impracticable.

Memphis I found in a purely exceptional position. The town was under strict martial law, and the action of all the ordinary Law Courts was suspended. But little Union feeling existed in the city, and the Federal lines only extended in a radius of about four miles around it. From the depredations committed by the Federal soldiers, and by the roving bands of robbers and guerillas, there was but little security either of life or property : strict measures had been adopted to secure order and control trade, and British subjects were in a great state of agitation and alarm.

General Sherman, the Military Commander, expressed great pleasure at my arrival, as he said that he was most anxious to respect the rights of neutrals, but that in his

position, being as he said in the midst of enemies, it was absolutely necessary that he should be enabled clearly to understand who were the persons in his district who were entitled to immunities as *bonâ fide* subject of foreign Powers. He said that there were many persons who had always been looked on as citizens, though they might not have exercised the privileges, who for purposes of their own wished to be so considered; that such persons would conceal their nationality till it became absolutely necessary for them to declare it in order to obtain immunity from obligations. He said that he could not make himself responsible in such cases; that he might be obliged to take sudden, prompt, and energetic measures, and at such a time claims for exemption might be overlooked: but he added that if I could arrange any plan by which he might be enabled to distinguish in quiet times between those who were and were not liable to obligations he might find it necessary to impose, he would promise me that he would pay the strictest respect to the rights of neutrals. Upon my asking him what proof he would require of alienship, he answered that he would be satisfied with a simple declaration; adding, "My only wish is to secure that a man who now declares himself an alien shall be henceforth so considered; that he shall declare himself openly; if a citizen now claims immunities as an alien, he shall have them, but I will take care that he shall not resume the privileges of citizenship at his convenience."

His views on the subject seemed to me to be just, and I therefore prepared the inclosed notice in accordance with them. He said that the arrangement perfectly met his wishes on the subject. I requested that he would publish something in his own name which would suffice to show his successors in his command that the arrangement was not simply a suggestion emanating from me, but was made with his concurrence. To this he readily assented, and added the remarks which appear at the end of the notice. I found that British residents were pleased with the arrangement, and I arranged the details for carrying it out with the Provost-Marshal. It was clearly understood that all persons whose names appeared on the register would be considered entitled to the same rights with regard to passes and trade as loyal citizens, and to the immunities of aliens. Residents could have their names added to the register after the expiration of the limited period, on giving proof of their nationality, and explaining the reasons of their delay in coming forward. This latter precaution was necessary in consequence of there being ready access through the lines to and from the Southern States.

From what I have hitherto learned I have reason to believe that these arrangements are working well in the various States which I visited; they are, I trust, calculated to relieve our Consuls from an amount of labour and responsibility which they could hardly support, and to lessen the danger of irritation arising towards foreigners in times of popular excitement.

Certain points, however, still remain to be dealt with, arising from the difficulty of drawing the line clearly between the definition of citizens and aliens. I was somewhat surprised to find, as I wrote to you at the time, that the Governor of Ohio considered that foreigners who had merely "declared their intention" to become citizens were as much liable to the obligations of citizenship as if they had completed the act of naturalization. I told him that Mr. Seward himself had admitted the contrary; he said that if Mr. Seward would distinctly say so, Governors must naturally submit to his view of the case, but that pending such a declaration on the part of Mr. Seward he must retain his own opinion. The letter from Mr. Seward to you which appeared shortly afterwards in the papers set that point at rest, and I had no further difficulty on the subject. In fact, I found it almost invariably admitted that the law was clearly on Mr. Seward's side.

A second point is with regard to the children of naturalized British subjects. On this subject I found great diversity of opinion; it is a very important one, and one which, if no understanding is come to respecting it, may cause much trouble. Consul Wilkins, at St. Louis, has been overwhelmed with letters asking for the opinion of Her Majesty's Government on the subject.

Such children may be divided into the following classes:—

1. Those born in the country. Respecting these there is no difficulty.
2. Those not in the country at the time of the naturalization of their parents. These, I understand, are not claimed by the United States' Government.
3. Those in the country at the time of the naturalization of their parents. When under age, it is claimed that they follow the nationality of their parents, and this, it appears, is also the law of Great Britain.

The difficulty arises when they attain their majority. The Naturalization Laws of the United States speak of this class in the following words, in the Act of April 14, 1802, section 4:—

"And be it further enacted that the children of persons duly naturalized under any of

the laws of the United States, or who, previous to the passing of any law on that subject by the Government of the United States, may have become citizens of any one of said States, under the laws thereof, being under the age of 21 years at the time of their parents being so naturalized or admitted to the rights of citizenship, shall, if dwelling in the United States, be considered as citizens of the United States."

The question is whether this clause is to be understood as being permissive or compulsory. An eminent lawyer in Missouri, with whom I had a conversation on the subject, gave it as his opinion that it was permissive, and that the children, on attaining their majority, had the right of election. But the usual interpretation is that the clause is compulsory; consequently, unless an authoritative decision can be given on the point, complications will probably arise when the question is no longer capable of being evaded.

There is also a doubt on this point. If the child, on attaining his majority, has the right of election, by what means does he make that election known?

A third point on which difficulties are constantly arising is as to how far the exercise of the elective franchise by British subjects is to be considered as barring their right to exemption from military service. In the majority of the States none but citizens have the right to vote; foreigners, therefore, who exercise this privilege do so fraudulently, and thereby clearly forfeit their immunities as aliens. But in some of the Western States a different state of things exists. In Indiana all aliens are permitted to vote after one year's residence and declaring their intention to become naturalized. This is also the case in Wisconsin and, I believe, in Iowa. In Illinois, aliens who were resident in the State previously to the adoption of the Constitution of 1847 have the same privilege. In Kansas, aliens were specially invited to vote upon the Constitution. The reason for the extension of these privileges to foreigners in the above-mentioned States is the competition for immigration. The power to vote at once is held out as a bait to induce foreigners to settle. As the pressing want of immigrants disappears, the relaxation in the alien laws are withdrawn, as in the case of Illinois in 1847. It would seem, therefore, hardly just that these States should offer certain privileges to aliens for the benefit of the States themselves, and then should affix a penalty in a time of pressure to the exercise of those privileges. It must be remembered, too, that in no State are the aliens entitled to the full privileges of citizens. Though permitted to vote, they are excluded from holding any office.

I thought it safest, in my conversations with the Governors, to take the ground that if an alien had exercised any of the exclusive privileges of a citizen, he had rendered himself liable to the obligations of citizenship; if he had exercised only those privileges which an alien is entitled to exercise, he was still entitled to the immunities of alienship. This appeared to me to be the only clear line that could be drawn, and would exclude voters in all States in which aliens have not the franchise.

I found some difference of opinion on the point. The Governor of Indiana was anxious to claim all voters; but, on the other hand, the Lieutenant-Governor of Illinois stated that the view I have above given was unquestionably correct, and that he should so instruct all his officers. I have stated above that this gentleman expressed a belief that the instructions he was about to issue would be generally adopted throughout the Western States, and I hope, therefore, that this line will be generally drawn.

In conclusion I should wish to observe that I met everywhere with the most cordial reception, both on the part of the Civil and Military Governors; that they expressed great pleasure at the prospect which my visit appeared to give of a definite arrangement being come to on a question which was the source of much annoyance, and gave me every facility for procuring information and perfecting such arrangements as I was enabled to make.

Inclosure 2 in No. 33.

Notice to British Subjects in the State of Ohio.

NUMEROUS representations having been made to Her Britannic Majesty's Legation at Washington, and to Her Majesty's Consulates, by British subjects resident in the State of Ohio, to the effect that they are apprehensive of being included in any draft for the military service of the United States which it may be found necessary to make in that State, I have been instructed by Her Majesty's Chargé d'Affaires at Washington to proceed hither with the view of endeavouring to remove those apprehensions.

I beg, therefore, to assure all *bonâ fide* British subjects who have never in any way forfeited their allegiance to Her Majesty, nor violated her proclamation of neutrality by enlisting in the military or naval service of the United States during the present war, that

they need be under no apprehension of being included in any such draft, if they take the precaution of providing themselves with proper proofs of their nationality.

As the best mode of procuring such proofs, I would suggest that every *bond fide* British subject resident in this State should, in case of a draft being resorted to, furnish himself with an affidavit of his nationality, properly sworn to and attested before a Notary Public, and should also, as far as possible, provide himself with certificates as to his character and position, from persons of respectability and standing, resident in the State.

There is no reason to doubt that such papers, if produced before the officer who might be appointed to consider claims of exemption, would, if found satisfactory, exempt the claimant from all liability to be called on for military duty in the United States.

I would also suggest that it would be advisable for British subjects wishing to pass beyond the limits of the State, or to cross the frontier of the United States, to provide themselves with similar papers before leaving their places of residence; and it is my wish, in order to prevent disappointment and delay, to direct attention to the fact that applications by letter to the Legation at Washington for passes cannot be acceded to.

(Signed) H. PERCY ANDERSON,
Attaché to Her Britannic Majesty's Legation at Washington.

Cincinnati, August 19, 1862.

[The same in Indiana.]

Inclosure 3 in No. 33.

Notice to British Subjects in the State of Kentucky.

IN consequence of numerous applications having been received at the British Legation at Washington from British subjects resident in the State of Kentucky, requesting information as to the steps which should be taken by them to establish the fact of their nationality in case of a draft for military purposes being resorted to in the State, or of their being called upon to incur obligations inconsistent with their allegiance to Her Majesty the Queen, I have been instructed by Her Majesty's Chargé d'Affaires at Washington to proceed hither with the view of giving such advice as should appear best suited to meet the exigencies of the case.

I have therefore to suggest to all *bond fide* British subjects who have never in any way forfeited their allegiance to Her Majesty, or violated Her proclamation of neutrality by enlisting in the military or naval service of the United States during the present war, that they should appear without delay before the County Court, or any Court of Record, give proof of their nationality, and obtain certificates of their having done so. I would also suggest that every British subject should, in addition to such certificates, provide himself, wherever possible, with certificates as to his character and position from persons of respectability and standing resident in the State.

There is no reason to doubt that such papers, if produced before the officer appointed to consider claims of exemption from liability to military service, would, if found satisfactory, be held to exempt the claimant from all such liability. It would also be advisable that they should be produced by British subjects requiring permits to enable them to pass beyond the limits of the State; and they would doubtless be sufficient at all times to secure British subjects from being called upon to take any oath or obligation inconsistent with their duty and allegiance to Her Majesty.

In conclusion I have to point out that British subjects who have declared their intention to become citizens of the United States, but have not completed the act of naturalization, are still entitled to the rights and immunities of British subjects, unless they have forfeited their claim to Her Majesty's protection by improperly voting at elections, or in any other way unduly exercising the exclusive privileges of citizens, in which case, having enjoyed the benefits of citizenship, they have rendered themselves liable to its obligations.

(Signed) H. PERCY ANDERSON,
Attaché to Her Britannic Majesty's Legation at Washington.

Louisville, August 28, 1862.

Inclosure 4 in No. 33.

Notice to British Subjects in Memphis and its Vicinity.

IT having been represented to Her Majesty's Legation at Washington that British subjects at Memphis, and in the surrounding district within the lines of the Federal forces,

are in doubt as to the mode in which they shall prove their nationality, in order to secure the immunities to which they are entitled as neutrals in the present contest, I have been instructed by Her Majesty's Chargé d'Affaires at Washington to proceed hither with the view of offering the advice which should appear best suited to meet the exigencies of the case.

Under ordinary circumstances the obvious method would be to prove the fact of British nationality before a County Court or a Court of Record, and to procure a certificate from the Court of this having been done; but as this step is impracticable, in consequence of the temporary suspension of the action of the Courts, I would suggest that all *bonâ fide* British subjects, under which head are included persons who have declared their intention of becoming citizens of the United States, but have not completed the act of naturalization, should make a declaration of their nationality within fourteen days from this date, before the Provost Marshal of the city of Memphis. I have reason to believe that this declaration will be considered amply sufficient, and that a list will be kept of the names of all persons thus registering themselves.

British subjects who, from absence from the district, or any other cause, should be unable to make the declaration within the specified time, should do so as soon as possible afterwards; but in this case they will be required to furnish the Provost Marshal with sufficient proof that the cause which prevented them from taking the step previously was not connected with any violation of the neutrality imposed upon them by Her Majesty's Proclamation.

I have every reason to hope that this simple precaution will secure Her Majesty's subjects, who strictly respect their neutrality, from suffering any inconveniences other than those inseparable from a state of war, or from being called upon to incur any obligation inconsistent with their allegiance to Her Majesty.

(Signed) H. PERCY ANDERSON,

Attaché to Her Britannic Majesty's Legation at Washington.

Memphis, September 2, 1862.

I unite with Mr. Anderson in urging upon British subjects the importance of at once registering their names, and declaring their purpose of adhering to their allegiance.

(Signed) W. T. SHERMAN, *Major-General Commanding.*

No. 34.

Mr. Stuart to Earl Russell.—(Received October 13.)

My Lord,

Washington, September 29, 1862.

A CONFERENCE of the Governors of Northern and Western States, to the number, I believe, of 16, took place last week at Altoona, in Pennsylvania, for the purpose of taking into consideration the present state of the country, and of advising the President thereupon.

It is understood that the principal object of the majority of these Governors had been to urge an Emancipation policy upon the President, but the appearance of the Proclamation upon the eve of their conference had anticipated their intended work, and little was left for them to do except to sign an address of congratulation and of support to the President. This address has not yet been published, but the inclosed extract from the "National Intelligencer" of Saturday purports to give a summary of its contents, amongst which is said to be a recommendation to form an army of reserve of not less than 100,000 men, to be drilled within their respective States, and to be called out as sudden exigencies may require.

Such a measure would be but a feeble issue after such an influential conference, and would be rather calculated to paralyze than to strengthen the Central Government, inasmuch as each Governor would have a certain force at his disposal which he might withhold or send forth according to his own appreciation of the necessities of the hour or of the policy of the Cabinet at Washington.

Another supposed object of the conference was to press upon the President the removal of General McClellan from his command; but that General's recent victories had so re-established him both in popular estimation and in the affections of his army, that it was found prudent to abandon the idea of removing him, if it had really been entertained.

Twelve of the Governors came to Washington on Friday before returning to their homes, and had an apparently amicable interview with the President upon presenting to him their Address, which is stated to have been signed by all the members of the Con-

ference, with the single exception of Governor Bradford, of Maryland, who doubted the propriety of the Proclamation of Emancipation.

The Conference is generally considered to have been a failure. Otherwise it might have become dangerous, as an unconstitutional body, resembling a Committee of Public safety, attempting to control and to intimidate the Executive Government. It is, however, a precedent which may hereafter be followed for good or for evil, when the weakness of the Government entails dependence upon self-constituted corporate influences. Even in the present instance it is probable that the Government only escaped from being compelled to adopt an Emancipation policy at the dictation of the Governors, by hastily adopting that policy previously to their meeting, and thereby obtaining credit for having taken the initiative.

I have, &c.
(Signed) W. STUART.

Inclosure in No. 34.

Extract from the "National Intelligencer" of September 27, 1862.

THE ADDRESS OF THE GOVERNORS.—About twelve of the Governors recently in Conference at Altoona, in Pennsylvania, arrived in Washington yesterday morning, and between 12 and 1 o'clock called on the President, with a view of presenting certain suggestions with regard to the comfort of families, in connection with the removal of the sick and wounded soldiers, and increased efficiency of the army, including such measures as will prevent an abuse of furloughs.

The Address presented to the President was written by Governor Andrew, and signed by all except Governor Bradford.

The Address expresses, first, a cordial personal and official respect for the President.

2nd. A determination, under all circumstances, to support and maintain his constitutional authority, speaking for themselves and people of their respective States.

3rd. Pledges their aid in all measures to bring the war to an early termination, and that it should be prosecuted to ultimate victory, unless all rebels voluntarily return to their constitutional duty and obedience.

4th. Congratulates the President upon his Proclamation, believing it will do good as a measure of justice and sound policy.

5th. Concludes with a reference to those who have fought our battles.

In the Conference at Altoona various details were discussed, which will be submitted verbally to the President and Secretary of War.

The Governors agreed to recommend an army of reserve of not less than 100,000 men, to be drilled and disciplined at home, and to be called out as sudden exigencies may require—their term of service to be twelve months, unless sooner discharged. No dispute occurred, nor any improper warmth of debate, all present being animated by a cordial spirit of unity in the support of the Government and the President. The main object was to make the relations of all loyal men more close. Governor Bradford was the only one not fully convinced of the wisdom of the Emancipation Proclamation.

Contrary to published statements, there was no proposition offered or suggestion made touching the removal of General McClellan; nor was there any as to the promotion of Fremont to the head of the army, nor as to the future assignment of that gentleman.—*"Star."*

No. 35.

Earl Russell to Mr. Stuart.

Sir,

Foreign Office, October 16, 1862.

I HAVE received your despatch of the 27th ultimo, inclosing a copy of the Report which Mr. Anderson has drawn up of his proceedings in the Western States; and I have to instruct you to convey to that gentleman my approval of the manner in which he has carried out the objects of his mission.

I am, &c.
(Signed) RUSSELL.

Mr. Stuart to Earl Russell.—(Received October 18.)

My Lord,

Washington, October 6, 1862.

HAVING learnt from Mr. Seward, as stated in my despatch of the 26th ultimo, that he had had no previous cognizance of the Treasury Orders of the 28th of August, I communicated to him a private memorandum which I had drawn up, showing the dates and the nature of the assurances which he had at different times given to me respecting the policy of the United States' Government in regard to the sale and purchase of cotton, and alluding more particularly to his approval of General Butler's orders upon the subject, and to his having accepted from me the expression of satisfaction which your Lordship had consequently charged me to convey to him.

As this document was not intended for public notice, I sent it in its original form to Mr. Seward without making a copy of it. He has, however, to-day, addressed to me an official note, of which, with its inclosures, I do myself the honour to transmit copies herewith, giving explanations from the Treasury upon the subject of the orders in question.

Mr. Chase appears to be anxious to facilitate the purchase of cotton so far as it can be done without increasing the resources of the so-styled Confederates, and he has decided not to inquire too closely into the antecedents of cotton brought for shipment, or into what his agent at Cincinnati technically terms "the morals of transactions connected with any lot of cotton previous to its shipment."

But the real difficulty lies in the objections of the cotton planters to sell their produce for any payments except in specie, and of the United States' Government to permit any payments except in paper; and although Mr. Chase offers to suspend his order if Mr. Seward considers that its enforcement would disappoint the reasonable expectations of foreign Powers, it may be doubted whether the offer would not, if accepted, be so limited, from supposed motives of public safety, as to render it of no practical value. It is, moreover, improbable that much cotton will, under present circumstances, be permitted by the Confederates to leave the Southern store-houses, even if paid for in gold, and I therefore no longer attach much importance to the enforcement or suspension of the order.

Your Lordship will observe that Mr. Seward looks upon Mr. Chase's instructions to his agents as sufficiently just and liberal. Although I cannot agree with him as to the propriety of these epithets, I do not think that any practical advantage would be obtained from pressing for a modification of the order complained of, so long as the Confederates continue to prefer the destruction of their cotton to the risk of its falling by purchase or otherwise into Federal hands.

I have, &c.
(Signed) W. STUART.

Inclosure 1 in No. 36.

Mr. Seward to Mr. Stuart.

Sir,

Department of State, Washington, October 4, 1862.

HAVING explained to the Secretary of the Treasury the embarrassments which might result from a conflict between a recent Treasury Regulation forbidding the purchase of cotton with gold, and orders of United States' Generals by which permission was granted to offer that medium in payment for the article, I have received from him the letter of the 1st instant upon the subject, a copy of which is inclosed. The decision which this communication announces, seems to be so just and liberal that it is hoped that it will be so regarded by your Government. If, however, it should be received in a different spirit, any objections to it which may be offered will be considered with a candour due to the interests involved.

I have, &c.
(Signed) WILLIAM H. SEWARD.

Inclosure 2 in No. 36.

Mr. Chase to Mr. Seward.

Sir,

Treasury Department, October 1, 1862.

I HAVE carefully reviewed the Regulations concerning internal and coast-wise intercourse to which Mr. Stuart refers in his "Private Memorandum," to which you have invited my attention.

There is nothing in those Regulations which conflicts with a very free export of cotton from all places in which it is grown, through ports of the United States, unless it be found in Regulation II, which forbids transportation of coin and bullion into insurrectionary districts, and payments for cotton and other merchandize within them in gold and silver.

This Regulation was adopted upon considerations of policy affecting, namely, citizens of the United States. If abrogated as to subjects of other Powers, it must of course be abrogated altogether.

It can, at most, occasion but a slight inconvenience to purchasers, whether American or foreign, for they can easily convert gold and silver destined for the purchase of cotton, into United States' notes or the notes of banks of the United States, or can deposit it with any bank or firm in any city of the United States, and make their own bills on such deposits. With these notes or bills purchases may be made to any extent that military exigencies will permit.

If you are of opinion, however, that any implication has arisen from the acts of our Generals, or from assurances of your own, which would make the enforcement of this order a ground for the imputation, by foreign Powers, of any willingness, however slight, to disappoint expectations reasonably excited, it shall be suspended.

To show you how entirely unfounded is every suspicion that any disposition exists, in any branch of this Government, to abridge beyond actual necessity the freedom of purchasing cotton or other products of the Rebel States, I inclose a copy of a letter from Mr. Mullen, one of the special Agents of this Department, with a copy of my reply. It is my wish to have just as much cotton, rice, sugar, and tobacco brought out of the Insurrectionary States as possible, without too serious injury to the general interests of our own and other countries, by increasing the resources of the rebels, and thus prolonging the war. The regulations and action of this Department are inspired by this wish, but the interests involved in the suppression of the rebellion are, of course, paramount to the temporary advantages to flow from an increase, necessarily limited until the war shall be ended, of the supply of the products referred to.

With great, &c.
(Signed) S. P. CHASE.

Inclosure 3 in No. 36.

Mr. Mullen to Mr. Chase.

Sir,

Cincinnati, September 26, 1862.

I DO not understand that I am to investigate the morals of transactions connected with any lot of cotton previous to its shipment from any port where our official duties are exercised, nor how it got there even, nor where it came from, nor who raised or owned it, except, possibly, as far as may be necessary to learn whether it is liable to confiscation; and if even this inquiry be made, it is doubtful whether much, if any, of the cotton we got, if the little be followed back to the original owner, will escape liability under the Confiscation Act.

As strong a case as I know of against my construction of my official duty occurred here a short time ago, viz., five negroes, formerly slaves in Western Tennessee, who performed valuable services in a regiment of sappers and miners, came here with a letter from the Colonel of the regiment certifying the fact, and brought with them under his certificate of approval a few bales of cotton formerly belonging to their masters. It had been shipped from Columbus via Cairo, in conformity with the regulations of the Treasury Department. Was it my official duty to have inquired into the history of that cotton, or how they had earned or paid for it, or by what means they had become possessed of it?

It is charged, and possibly true, that negroes and military men about Helena, and elsewhere, become possessed of considerable lots of cotton improperly. But it seems to me that the official duty of those supervising the commerce of the country does not

require them to ascertain whether the negroes take the money back to their masters, or how military officers have become possessed of it.

This is the business of magistrates or others, it seems to me.

My understanding is, that when cotton is offered for shipment in a regular way, if the shipment is proper we have no farther official duty.

I hope for your immediate instructions on the subject.

I am, &c.

(Signed) W. P. MULLEN, *Special Agent*.

Inclosure 4 in No. 36.

Mr. Chase to Mr. Mullen.

Sir,

Treasury Department, October 1, 1862.

I HAVE received your letter of the 26th ultimo, wherein you state that Mr. Gallagher and yourself do not understand alike your duties in regard to inquiring into the antecedents of cotton offered for shipment at any port with which commerce is open, and ask for instructions from this Department on the subject.

I concur generally in the opinions held by you, and approve your action.

All cotton or other produce arriving under proper authority at ports open to commerce will be treated alike, and it is not competent for any officer of this Department to inquire into or decide upon the morals of any transaction connected with it previous to its shipment from any port within the limits of their official duties.

It is, of course, not within my wishes to countenance any evasion of the Confiscation Act, or within my power to exempt any property from its operation. It is only intended to caution officers of the Department against unnecessary interruption of commerce, and unnecessary interference with private business. To warrant any action against cotton or other products as confiscated, there must be clear and satisfactory evidence of liability.

Should any cases arise involving the detention or seizure of cotton or other produce so arriving, they will be promptly reported to this Department.

I am, &c.

(Signed) S. P. CHASE.

No. 37.

Mr. Stuart to Earl Russell.—(Received October 18.)

My Lord,

Washington, October 7, 1862.

I HAVE the honour to forward to your Lordship herewith a most interesting, able, and comprehensive Report, which has been drawn up by Mr. Anderson, describing the condition and feelings of the States through which he passed in his recent journey, and also containing the result of his observations respecting the amount of cotton remaining in store or in crops in the Southern States.

I have, &c.

(Signed) W. STUART.

Inclosure in No. 37.

Mr. Anderson to Mr. Stuart.

(Extract.)

Washington, October 1, 1862.

MY movements from place to place in my recent journey through the Western States were so rapid that the observations which I was enabled to make were necessarily somewhat hasty; but at the same time I had opportunities of conversing in the various States with men of high standing, actively engaged in the prosecution of the war, with merchants, and with British subjects whose long residence in the country gave them an intimate knowledge of the present state of feeling and the condition of the country. I carefully weighed and compared the various opinions I was able to elicit, and though they were of course frequently contradictory, I found that they all more or less tended to the same conclusions.

Having heard much in the Eastern States of the unanimity which was said to prevail

in the West with regard to the energetic prosecution of the war and the policy of emancipation, I was somewhat surprised to find that this unanimity was very far from existing. In some of the Western States the feeling on both these points is certainly as strong as in New England; but in others there is considerable lukewarmness as regards the war, and strong hostility to the Abolition policy. The reason of this, and the connection between the two sentiments, becomes clear when it is fully understood that the cry of emancipation implies little notion of humanity, springs from no desire for the amelioration of the condition of the negro, but means simply confiscation, destruction of the property which is most valuable to the Southerner,—without which, in fact, the Southerner is a ruined man. Viewed from this point, the difference of feeling and the line which divides it are easily understood. Emancipation is the watchword of those parts of the West in which it is considered that the war must be prolonged till the South is thoroughly subjugated: in those States which would gladly see an opening left for a peaceful solution of the quarrel, an anti-Abolitionist policy is advocated. The origin of the difference of feeling lies in the geographical position of the various districts. In those States, or parts of States, the natural outlet for whose products lies in the direction of the Atlantic, the strong war-feeling is found: in those whose commerce looks for its outlet towards the Mississippi the opposite sentiment exists. In the former category are comprised the State of Ohio, the Northern portions of the States of Indiana and Illinois, Michigan, and Wisconsin; in the latter the Southern portions of Indiana and Illinois, Kentucky, Missouri, and portions of Iowa. In the former are the large and prosperous cities of Cincinnati and Chicago, in the latter those of Louisville and St. Louis. The former have hitherto not felt the effects of the war, except in the drain of men. Money with them is abundant and commerce brisk, and the tax-gatherer has not yet made his appearance. In Chicago the merchants did not deny that trade had never been so prosperous as at the present moment. In addition to the trade which they formerly possessed, and which has not been diminished, such of the produce from the Mississippi districts as still remains for exportation is obliged to find its way to a market by the Lakes. Hence the town is flourishing, actually growing rich upon the war, and naturally feels no strong desire for its termination. In Louisville and St. Louis the state of things is very different. These towns found their principal customers in the South; their merchants are owed enormous sums by Southern men, trade is paralyzed, and to prolong the war is to them ruin.

I was much struck with the fact which I have mentioned above, that nowhere in the Abolitionist States could I find that the freedom of the slave was connected in men's minds with the idea of the amelioration of his condition, nor did the question ever seem to have been seriously agitated what was to be done with the mass of emancipated negroes. I found that there was only one point upon which opinion seemed to be unanimous, which was that no general immigration of negroes into the free States could be permitted; they must be freed, they must kept at a distance, but with these two conditions satisfied there seemed to be little disposition to pursue the question any further. Among the few persons whom I met who had devoted thought to this matter, and who had brought very great intelligence to bear on it, was ———, and he confessed to me that he could see no solution; that the North would not admit the vast body of fugitives, while they could not be returned to the South; and that any scheme of emigration would fail, from the unwillingness of the negro to leave the country. He said that the question had been forced on the country before it was prepared to deal with it, and that he could only trust that the future would develop a solution. Meanwhile, in the States bordering on the Mississippi a considerable number of slaves had already been liberated. At present, occupation is found for them in the various military operations; I found 2,000 working on the fortifications at Memphis alone: consequently, the question of providing for them has not become urgent; but I could not resist the conviction that the majority are at present utterly unprepared to deal with it.

The effect of the Abolition policy upon the Border Slave-holding States has been what might have been expected. In Kentucky I found it generally admitted that a vote taken now in the State would give a large majority for Secession, whereas it was asserted that a few months ago it would have had precisely the opposite result. When the Confederate troops held portions of Kentucky during last winter and the early spring, previously to the evacuation of Bowling Green, it is said that they were greatly disappointed at the want of sympathy which they experienced. At the time when I was in the State, and when the Confederate forces were again entering Kentucky, large numbers of young men were flocking to join them, and it is asserted that this time the Confederates have had no reason to complain of their reception.

In Tennessee and Arkansas I was assured by Federal officers of high rank that the Union feeling which they had hoped to develop no longer existed; and in Missouri it was

calculated that four-fifths of the State would vote for secession. I believe, however, that other causes have been at work to produce this result. The outrages committed by the half-disciplined Federal troops on friend and foe alike have alienated the former and embittered the latter, and have greatly contributed towards producing the state of things which it is now too late to remedy.

So many instances of this came under my own observation that I cannot doubt that there is very great foundation for the statements that are made on this head. At Memphis there was no security beyond the immediate precincts of the town. The town itself was deserted, no business of any sort being transacted; the stores were kept open because it was so ordered by the authorities: if a store was closed, or a private house left without occupants, an official at once took possession and leased the premises, to anybody who came forward, at a nominal rent. Hence the inhabitants who wished to avoid this kept up a show of business, but with no reality; not a ship lay at the wharves, and not a waggon was to be seen in the streets.

The last year before the war Memphis exported 400,000 bales of cotton; this year I am told not 2,000 have been shipped. This, however, is the natural result of the war, but in the surrounding country houses were nightly broken open, property of every description stolen, life sacrificed, and no attempt made to repress these excesses. As Unionists and Secessionists fared alike, the former were driven to make common cause with the latter, and to enter the Confederate ranks or to join some of the guerilla bands with which the country swarmed.

I had a good deal of conversation on this subject with an officer who felt very strongly on the subject. He had done his utmost to enforce respect for private property, and he assured me that when by this course he had restored confidence, he found that in both States considerable Union feeling began to develop itself. A column of Federal troops marched through Arkansas, destroying everything in their track, pillaging houses, destroying plantations, carrying off slaves, and committing even worse outrages. My informant said that following up afterwards in a portion of this line, he found that the whole Union feeling had disappeared. This account was corroborated by some Arkansas planters whom I met at various times, and from whose account the State seemed to have relapsed almost into a state of barbarism at Memphis. My informant told me that his experience was the same; his successors had given every license to their soldiers, and his Union friends had disappeared.

It appears to me that from all this but one conclusion can be drawn. The dominant party in the North is fighting for subjugation; the South has clearly seen that if she fails, nothing but utter ruin awaits every man. She is more than ever unanimous and determined, and is gaining accessions of strength from the Border States. She has carried the war into districts where she can feed her armies, and gather supplies for the future. There seems no sign of giving way, and little prospect of a termination of the war, unless any be found in the feeling which exists in the South-Western States of the Union.

It was this feeling I found which was watched with great anxiety in the Border States, and in which alone thinking men seemed to hope for a solution of the question.

I heard it often argued (privately, for men would not dare to express such sentiments openly) that if the war was prolonged and embittered, and the end seemed hopeless, these Western States would begin to flag, would separate themselves from the extreme party, and be inclined to make overtures towards those with whom they had common interests. These ideas went so far as to embrace the notion of a Southern and Western Confederacy, isolating the New England States; and some persons, indeed, were sanguine enough to see a possible reconstruction of the Union from this unexpected quarter.

It is difficult to say what the worth of this idea may be. It is not certainly founded on mere theory, but on the existence of an undoubted feeling. On the other hand, the difficulties in the way of the realization of such a project would be enormous; and in the present temper of the North-West it would not seem possible that it could be realized except to a very limited extent. It is argued by the supporters of the idea that the working of the tax Bills will produce the desired effect; and I certainly found even in Chicago some uneasiness on this score.

Meanwhile, as far as outward signs went, no relaxation of vigour in the prosecution of the war was visible in the West. Men were pouring into the ranks, and many of them men of a very superior stamp. The fear of a draft was passing away; and though I very much doubt, from what I was able to ascertain, whether, if correct Returns could be obtained, anything like the 300,000 men called for have been enrolled, still I cannot doubt that over two-thirds of that number have come forward, and that more are to be got. It seems to be generally admitted, however, that a draft must ultimately be resorted to, though the Governors would enforce it with great reluctance.

I took some pains to ascertain whether there was any abatement in the chronic feeling of irritation with regard to England, but I could not satisfy myself that there is much improvement in that respect. The fear of the draft has developed a considerable feeling of loyalty among the Irish, much to the surprise and annoyance of the Americans, who had calculated on them as a class certain to enlist, and who, at any rate, would never fly to the protection of the British flag. Great irritation, consequently, was aroused when some thousands of these men declared themselves to be loyal subjects, and determined to respect their neutrality. The mother-country, of course, gets the censure; and at the same time the Americans flatter themselves, probably with reason, that at any rate they could count upon these same Irishmen in the event of a war with England. Though the feeling, however, exists as strongly as ever with regard to England, I think the conviction is gradually forcing itself on their minds that the present struggle is as much as they can deal with, and they only ask that foreign nations may not interfere with them.

I took every opportunity, when in the Cotton States and their neighbourhood, of gaining the best information that I could procure respecting the amount of cotton now in the South, and the prospects of future crops. I had opportunities of conversing with planters, with commission agents, and with persons now engaged in endeavouring to procure cotton. I was also able to judge, from personal observation, of the state of the crops in the upper part of the Mississippi valley. I regret to say that, on comparing all the estimates which I obtained, and which tally wonderfully well together, I find that the result is a much less sanguine estimate than that either of Mr. Bunch or Mr. Cridland. And yet it must be remembered that the persons from whom I gained my information, all of them in some way or other immediately connected with the cotton interests, had no interest in giving me estimates under the mark. Their interests lay rather in the contrary direction. Striking an average, I find that according to the estimates I obtained, the amount of cotton in the South at the commencement of the war was about 4,200,000 bales. This is rather above Mr. Bunch's figures. Of this it is calculated that about 1,000,000 bales have been destroyed, and that when the ports are opened about another 1,000,000 will be found to have gone from not having been properly ginned, baled, and stored. To this must also be added the amount, certainly not large, which has run the blockade, and been smuggled through the Federal lines, or which has been brought legitimately into the Northern markets. At a rough estimate the residue is calculated at 2,000,000 bales. This amount was almost invariably given to me as the amount which would be forthcoming if the ports were to be opened immediately. There remains the crop of 1862. This is not yet picked. Its amount was estimated at being at most 1,000,000 bales, and it was calculated that even this small amount would be so reduced from the impossibility of getting it picked in some districts owing to the loss of slaves, and from the difficulty in baling and storing it, owing to the want of hemp and other necessary materials, that the supply for the market would be but trifling (I may mention here, however, that a good deal of hemp is to be obtained in the Blue Grass Region of Kentucky now occupied by the Confederate forces). If the war goes on, no expectations are entertained of there being any crop in 1863, as the ground will be thrown into corn. I rode for miles over a cotton district in Tennessee, in which almost every field was growing corn, and I was informed that it was the same through the whole length of the valley of the Mississippi.

If my estimates are correct, there is little hope of obtaining for some time an amount of cotton from the South sufficient to supply the European market; the amount on hand being not more than sufficient for one winter, and no reserve existing to supply the deficiency when that is consumed. Even under any circumstances, it would probably take the cotton cultivation some time to recover from the state of disorganization into which it has been thrown, and to approximate to its former prosperity. So gloomy were the prospects that men of large property, owning large plantations, told me that they were hesitating whether it would not be their wisest course to sacrifice all they had, begin life over again, and carry their experience in cotton-growing, and such capital as they could save or realize, to some country where they might be turned to advantage. No Southern planter, however, will admit without great reluctance the possibility of growing cotton successfully anywhere but in the Southern States of America.

I make the above remarks with considerable diffidence; but, considering the vast importance of the subject, and the fact that I had peculiar opportunities of gaining information, of which I did my utmost to take advantage, I trust they may be found not without value.

No. 38.

Earl Russell to Mr. Stuart.

Sir,

Foreign Office, October 23, 1862.

I HAVE received your despatch of the 7th instant, inclosing Mr. Anderson's Report of his observations during his recent tour through a portion of the United States; and I have to instruct you to state to Mr. Anderson that I have read his Report with great interest, and highly appreciate the ability which he has shown in ascertaining the opinions and views of the different parties with whom he was brought into contact.

I am, &c.
(Signed) RUSSELL.

No. 39.

Earl Russell to Mr. Stuart.

Sir,

Foreign Office, October 23, 1862.

I HAVE received your despatch of the 6th instant, reporting what has lately passed between yourself and Mr. Seward relative to the policy of the United States' Government in regard to the sale and purchase of cotton, and inclosing a copy of a note addressed to you by that gentleman, containing the explanation of Mr. Chase in regard to the recent Treasury Orders forbidding specie payments for that article. I have now to state to you that the permission to buy cotton with notes of the United States' Government or of the United States' banks is, of course, illusory.

The declaration made in July last by General Butler, to the effect that Slidell himself might send cotton to New Orleans to be sold, is annulled by the order to confiscate such cotton under the Confiscation Act.

The facilities offered by Mr. Seward with a view to the further consideration of this subject must, for the present, be considered as withdrawn; and it will be for Lord Lyons' consideration, on his return to Washington, whether it would be advisable for Her Majesty's Government to urge anything further in the matter.

It is not to be supposed that the planters will give away their cotton; and they cannot sell it without receiving something in exchange which will increase their means, to whatever object those means may be applied.

I am, &c.
(Signed) RUSSELL.

No. 40.

Earl Russell to Mr. Stuart.

Sir,

Foreign Office, October 23, 1862.

I CANNOT allow Lord Lyons to return to the United States for the purpose of resuming his duties as Her Majesty's Minister, without expressing to you my entire approval of your conduct during the time that you have acted as Her Majesty's Chargé d'Affaires.

The temper, discretion, and judgment which you have shown in dealing with the trying and important matters which have come before you during that period, have been fully appreciated by Her Majesty's Government.

I am, &c.
(Signed) RUSSELL.

No. 41.

Mr. Stuart to Earl Russell.—(Received October 29.)

(Extract.)

Washington, October 16, 1862.

I HAVE the honour to forward to your Lordship the accompanying copy of a letter which I have received from Mr. Acting Consul Cridland.

Inelasure in No. 41.

Acting Consul Cridland to Mr. Stuart.

(Extract.)

Richmond, October 7, 1862.

I HAVE been informed by an English gentleman dealing largely in cotton that there are now between 2,750,000 and 3,000,000 of bales on hand in the Southern States, including Arkansas and Texas. About 600,000 to 700,000 bales have been destroyed by fire and shipped to Europe. From the best information he states that not more than 250,000 bales will be made this season, which will be entirely consumed in the Southern factories.

No. 42.

Mr. Stuart to Earl Russell.—(Received October 29.)

My Lord,

Washington, October 17, 1862.

THE elections for the next Congress and for State officers have taken place this week in Pennsylvania, Indiana, Ohio, and Iowa. As yet the returns published are incomplete, but show that in those States, or at any rate in the first three of them, the Democratic party has gained considerable ground since the last elections.

In Pennsylvania, out of twenty-four members of Congress elected, thirteen are stated to be Democratic and eleven Republican; whereas in the present Congress, out of twenty-five members for that State, seventeen were Republican. The result of the election for State officers is said to be still doubtful.

In Indiana the Democrats are reported to have gained five members of Congress, eight of their party being elected to three Republicans.

It is supposed that in Ohio the returns will show nearly an equal division of members, although in the present Congress twelve out of nineteen are Republicans.

From Iowa the returns are not sufficiently complete to form an estimate of the result, and, indeed, those of the three other States are only given as approximative and liable to modification.

Although both parties advocate a vigorous prosecution of the war, the Republicans have adopted the special designation of Unionists, in order to increase their popularity and to appear superior in patriotism to their opponents. The Conservative turn which the elections are taken shows, however, that the recent policy of the President has not met with the public approval which his advisers anticipated, and this indication of disapproval is rather allaying than increasing the existing uneasiness.

I have, &c.
(Signed) W. STUART.

No. 43.

Mr. Stuart to Earl Russell.—(Received November 6.)

My Lord,

Washington, October 24, 1862.

THERE is some difference in the later Electoral Returns from Pennsylvania, Indiana, and Ohio, from those which I had the honour to report in my despatch of the 17th instant, although the present returns are still far from complete.

It appears that in Pennsylvania twelve Democrats and twelve Republicans have been elected to Congress, and the State ticket is said to have been carried by the Democratic party. For the State Legislature it is stated that the Republicans will have a majority of nine in the Senate, and the Democrats a majority of ten in the House, giving to the latter a majority of one on a joint ballot.

The result in Indiana is represented to be the election of seven Democrats and four Republicans to Congress, exactly reversing their respective numbers in the present Congress. For the State Legislature the Democrats count, particularly in the House, a large majority.

In Ohio there has also been a great Democratic gain. There seems more uncertainty about the members returned for Congress than in the two other States, but they are represented as being in the proportion of fourteen Democrats to five Republicans.

The six members of Congress which Iowa had to elect, instead of two which formed her quota at the last elections, were stated a few days ago to be all Republicans, but a

conflicting statement has since been published, and I have not yet been able to ascertain the truth of it.

The general result of these elections has been to raise the hopes of the Democratic party, and to enable them to ascertain their strength. They seem now confident that they will carry the State of New York, and at a great meeting held two days ago in that city, the policy of the President in proclaiming emancipation and in suspending the *habeas corpus* was freely and boldly denounced.

The fourth of November is the day fixed for the elections in New York and in most of the New England States.

I have, &c.
(Signed) W. STUART.

No. 44.

Mr. Stuart to Earl Russell.—(Received November 20.)

My Lord

Washington, November 7, 1862.

THE inclosed extract from the "National Intelligencer" of this morning contains the most reliable returns of the late elections so far as they are known here, and puts the information in a convenient form for reference.

It will be seen that Mr. Horatio Seymour, the Democratic candidate, has been elected Governor of New York, by a majority estimated at from 8,000 to 10,000 over General Wadsworth, and that that State is supposed to have elected eighteen Democrats and thirteen Republicans for Congress.

In all the other States from which returns have been received, the Democratic party appears to be either in a majority, or to have gained one or more members of Congress as compared with the elections for the present Congress, with the exception of the State of Kansas, of which the single member is still Republican.

I observe that for Pennsylvania, instead of an equal division of members of Congress as reported in my despatch of the 24th ultimo, later returns make out that fourteen Democrats and eight Republicans were elected. It is, moreover, now stated that one out of the six members returned for Iowa is a Democrat.

The reports from Illinois represent that even in that State the Democratic candidates will have a considerable majority.

The gains of the Democratic party have been so great that they are considered to constitute a political revolution. The extreme and unconstitutional policy of the Government has no doubt been the principal cause of this general change of feelings, either inflicting injury or spreading terror throughout the country, without producing any equivalent success in the conduct of the war.

It remains to be seen what use will be made of this Conservative victory. The general impression is that neither the Proclamation of Emancipation nor that suspending the *habeas corpus* can be longer persisted in, and that the President will feel it necessary to make changes in his Cabinet which would be acceptable to the public. The present Congress, however, remains in possession until the 4th of March next, and the new Congress does not meet until the beginning of December 1863, unless specially convoked by the President at an earlier date. Still, the result of these elections must exercise a considerable influence upon the deliberations of the approaching Session, as well as upon the policy of the Government.

I may add that disgust with the war and desire for peace have been amongst the principal causes, subordinate only to the policy of which they are the effect, of the present Conservative resurrection. It is to be hoped that, now that these feelings can be avowed without personal danger, they will acquire increasing vitality and strength, until they sweep from before them those antagonistic feelings of rancour and vindictiveness which, during their ascendancy, have nearly completed the ruin and desolation of both portions of the country which it is the professed object of the Democrats, as well as of the Republicans, to restore to its former unity and prosperity.

I have, &c.
(Signed) W. STUART.

Inclosure in No. 44.

Extract from the "National Intelligencer" of November 7, 1862.

NEW YORK ELECTION.—The New York Republican journals concede the election of the Honourable Horatio Seymour, the Democratic candidate for Governor, and the remainder of the candidates on the same ticket, by majorities of from 8,000 to 10,000 votes. The "Albany Argus" and some other papers estimate Mr. Seymour's majority at 12,000.

The Republicans will have a majority on joint ballot in the State Legislature. The Senate, which holds over from last year, contains twenty-two Republicans and ten Democrats. The members of the Assembly elected this year stand sixty-five Democrats to sixty-three Republicans. This will give the latter a majority of ten on joint ballot.

It appears that the Democrats have elected eighteen members of Congress and the Republicans thirteen. We insert below the names of the members elect, though there seems to be some doubt as to the accuracy of the returns from two of the districts :—

CONGRESSMEN ELECTED.

- | | |
|-------------------------------|---------------------------------------|
| 1. H. G. Stebbins, Democrat. | 17. C. T. Hurlburd, Republican. |
| 2. M. Kalbfleisch, Democrat. | 18. Isaiah Blood, Democrat. |
| 3. M. F. Odell, Democrat. | 19. S. F. Miller, Republican. |
| 4. Ben. Wood, Democrat. | 20. A. W. Clark, Republican. |
| 5. Fernando Wood, Democrat. | 21. Francis Kerman, Democrat. |
| 6. Elijah Ward, Democrat. | 22. De W. C. Littlejohn, Republican. |
| 7. J. W. Chanler, Democrat. | 23. T. T. Davis, Republican. |
| 8. James Brooks, Democrat. | 24. T. M. Pomeroy, Republican. |
| 9. A. Herrick, Democrat. | 25. Daniel Morris, Republican. |
| 10. W. Radford, Democrat. | 26. G. W. Hotchkiss, Republican. |
| 11. C. H. Winfield, Democrat. | 27. R. B. Van Valkenburg, Republican. |
| 12. H. A. Nelson, Democrat. | 28. Freeman Clark, Republican. |
| 13. J. B. Steele, Democrat. | 29. Augustus Frank, Republican. |
| 14. E. Corning, Democrat. | 30. J. B. Ganson, Democrat. |
| 15. J. A. Griswold, Democrat. | 31. R. E. Fenton, Republican. |
| 16. O. Kellogg, Republican. | |

DELAWARE.—*Wilmington (Delaware), November 6.*—The official vote of Delaware shows that Mr. Cannon, the Union candidate, is elected by 111 majority.

Wm. Temple, Democrat, is elected to Congress by twenty-three majority.

Two-thirds of the Legislature are Democratic.

MICHIGAN.—A despatch from Detroit says that the Republicans claim a majority on their State Ticket of about 5,000 votes. If this claim be sustained by the returns the Honourable Austin Blair is elected Governor of the State.

The despatch also states that the Republicans have elected their Congressional candidates in the first, second, third, and fourth districts. Their names are as follows :—

- | | |
|------------------------|------------------------|
| 1. Fernando C. Beaman. | 3. John W. Longyear. |
| 2. Charles Upson. | 4. Francis W. Kellogg. |

The results in the fifth and sixth districts have not yet been ascertained.

MISSOURI.—*Springfield (Missouri), November 6.*—There are two Emancipationists elected to the Legislature from this county. The returns for Congressmen indicate the election of Colonel Boyd, Radical Emancipationist, in this district, by 100 majority.

MINNESOTA.—*St. Paul, November 5.*—The City of St. Paul, Ramsey county, gives Cullen, Democrat, for Congress, 500 majority. Wabashaw county gives Donnelly, Republican 500, majority. Goodhue gives Donnelly 500 majority. The result is uncertain. Returns come in slowly.

THE CHANGES IN CONGRESS.—The following Table exhibits the changes effected in the political complexion of the National House of Representatives by the elections of the last and the present month, so far as the results are yet known :—

				Present Congress.		Next Congress.	
				Republicans.	Democrats.	Republicans.	Democrats.
Massachusetts	..	..	..	11	..	9	1
New York	..	..	..	23	10	13	18
New Jersey	..	..	..	3	2	1	4
Delaware	..	..	..	1	..	..	1
Pennsylvania	..	..	..	17	8	10	14
Ohio	..	..	..	12	9	5	14
Indiana	..	..	..	7	4	4	7
Iowa	..	..	..	2	..	5	1
Kansas	..	..	..	1	..	1	..
				77	33	48	60

No. 45.

Mr. Stuart to Earl Russell.—(Received November 24.)

My Lord

Washington, November 10, 1862.

I HAVE experienced much gratification in learning by your Lordship’s despatch of the 23rd ultimo, that my conduct during the time that I have acted as Her Majesty’s Chargé d’Affaires in the United States has met with the high approval of your Lordship and of Her Majesty’s Government, and I feel deeply grateful for the great indulgence which your Lordship has had the kindness to extend to me during the whole of that period.

I should, however, be acting unjustly towards others, unless I take this opportunity of reporting that the credit which it has been my good fortune to receive is in a great measure due to Mr. Anderson and Mr. Clay, and to the other gentlemen belonging to the Legation, who have at all times lent me most ready and valuable assistance.

I have, &c.
(Signed) W. STUART.

No. 46.

Earl Russell to Lord Lyons.

(Extract.)

Foreign Office, November 28, 1862.

ALTHOUGH the matter to which I now refer is not of recent date, I think it as well that a formal record should exist of the language held by Viscount Palmerston to Mr. Adams, in a conversation which took place in the early part of the present year, when the United States’ steamer “Tuscarora” and the Confederate steamer “Nashville” were in British waters.

Lord Palmerston stated to Mr. Adams on the occasion in question, that Her Majesty’s Government could not permit any interference with any vessel, British or foreign, within British waters; that with regard to vessels met with at sea, Her Majesty’s Government did not mean to dispute the belligerent rights of the United States’ ships of war to search them, but that the exercise of that right, and of the right of detention in certain conditions, must in each case be dealt with according to the circumstances of the case; and that it was not necessary for him to discuss such matters then, because they were not in point: but that it would not do for the United States’ ships of war to harass British commerce on the high seas, under pretence of preventing the Confederates from receiving things that are contra-band of war.

I took an opportunity of mentioning to Mr. Adams the account which Lord Palmerston had given me of the language which he had thus held, and Mr. Adams agreed in its accuracy.

No. 47.

Lord Lyons to Earl Russell.—(Received November 30.)

(Extract.)

Washington, November 17, 1862.

IN his despatches of the 17th and of the 24th ultimo, and of the 7th instant, Mr. Stuart reported to your Lordship the results of the elections for Members of Congress

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and State Officers, which have recently taken place in several of the most important States of the Union. Without repeating the details, it will be sufficient for me to observe that the success of the Democratic or (as it now styles itself) the Conservative Party has been so great as to manifest a change in public feeling, among the most rapid and the most complete that has ever been witnessed, even in this country.

On my arrival at New York on the 8th instant I found the Conservative leaders exulting in the crowning success achieved by the party in that State. They appeared to rejoice, above all, in the conviction that personal liberty and freedom of speech had been secured for the principal State of the Union. They believed that the Government must at once desist from exercising in the State of New York the extraordinary (and as they regarded them) illegal and unconstitutional powers which it had assumed. They were confident that at all events after the 1st of January next, on which day the newly-elected Governor would come into office, the suspension of the writ of *habeas corpus* could not be practically maintained. They seemed to be persuaded that the result of the elections would be accepted by the President as a declaration of the will of the people; that he would increase the moderate and conservative element in the Cabinet; that he would seek to terminate the war, not to push it to extremity; that he would endeavour to effect a reconciliation with the people of the South, and renounce the idea of subjugating or exterminating them.

On the following morning, however, intelligence arrived from Washington which dashed the rising hopes of the Conservatives. It was announced that General McClellan had been dismissed from the command of the Army of the Potomac, and ordered to repair to his home; that he had, in fact, been removed altogether from active service. The General had been regarded as the representative of Conservative principles in the army. Support of him had been made one of the articles of the Conservative electoral programme. His dismissal was taken as a sign that the President had thrown himself entirely into the arms of the extreme Radical party, and that the attempt to carry out the policy of that party would be persisted in. The irritation of the Conservatives at New York was certainly very great; it seemed, however, to be not unmixed with consternation and despondency.

Several of the leaders of the Democratic party sought interviews with me, both before and after the arrival of the intelligence of General McClellan's dismissal. The subject uppermost in their minds while they were speaking to me, was naturally that of foreign mediation between the North and South. Many of them seemed to think that this mediation must come at last, but they appeared to be very much afraid of its coming too soon. It was evident that they apprehended that a premature proposal of foreign intervention would afford the Radical party a means of reviving the violent war spirit, and of thus defeating the peaceful plans of the Conservatives. They appeared to regard the present moment as peculiarly unfavourable for such an offer, and indeed to hold that it would be essential to the success of any proposal from abroad that it should be deferred until the control of the Executive Government should be in the hands of the Conservative party.

I gave no opinion on the subject. I did not say whether or no I myself thought foreign intervention probable or advisable, but I listened with attention to the accounts given me of the plans and hopes of the Conservative party. At the bottom I thought I perceived a desire to put an end to the war, even at the risk of losing the Southern States altogether; but it was plain that it was not thought prudent to avow this desire. Indeed some hints of it dropped before the elections were so ill received that a strong declaration in the contrary sense was deemed necessary by the Democratic leaders.

At the present moment, therefore, the chiefs of the Conservative party call loudly for a more vigorous prosecution of the war, and reproach the Government with slackness as well as with want of success in its military measures. But they repudiate all idea of interfering with the institutions of the Southern people, or of waging a war of subjugation or extermination. They maintain that the object of the military operations should be to place the North in a position to demand an armistice with honour and with effect. The armistice should (they hold) be followed by a Convention, in which such changes of the Constitution should be proposed as would give the South ample security on the subject of its slave property, and would enable the North and the South to reunite and to live together in peace and harmony. The Conservatives profess to think that the South might be induced to take part in such a Convention, and that a restoration of the Union would be the result. The more sagacious members of the party must, however, look upon the proposal of a Convention merely as a last experiment to test the possibility of reunion. They are no doubt well aware that the more probable consequence of an armistice would be the establishment of Southern independence, but they perceive that if the South is

so utterly alienated that no possible concessions will induce it to return voluntarily to the Union, it is wiser to agree to separation than to prosecute a cruel and hopeless war.

It is with reference to such an armistice as they desire to attain, that the leaders of the Conservative party regard the question of foreign mediation. They think that the offer of mediation, if made to a Radical Administration, would be rejected; that, if made at an unpropitious moment, it might increase the virulence with which the war is prosecuted. If their own party were in power, or virtually controlled the Administration, they would rather, if possible, obtain an armistice without the aid of foreign Governments, but they would be disposed to accept an offer of mediation if it appeared to be the only means of putting a stop to hostilities. They would desire that the offer should come from the great Powers of Europe conjointly, and in particular that as little prominence as possible should be given to Great Britain.

At Washington I have had fewer opportunities than I had at New York of ascertaining the present views of the chiefs of the political parties. At the interview which I had with Mr. Seward the day after my arrival he showed no disposition to enter upon political matters. He did not appear to expect or to desire to receive from me any special communication from Her Majesty's Government. The President, when I waited upon him, talked to me only on ordinary topics. I, for my part, gladly shunned all allusion to foreign intervention, my principal object being to avoid saying anything which might embarrass me in carrying out any instructions on the subject which I may receive from your Lordship.

All things considered, my own opinion certainly is that the present moment is not a favourable one for making an offer of mediation. It might embarrass the peace party, and even oblige them, in order to maintain their popularity, to make some public declaration against it, and this might make it difficult for them to accept a similar offer at a more propitious time. It would in all probability be rejected by the President, who appears to have thrown himself into the arms of the extreme Radical party. The views of that party are clear and definite. They declare that there is no hope of reconciliation with the Southern people; that the war must be pursued, *per fas et nefas*, until the disloyal men of the South are ruined and subjugated, if not exterminated; that not an inch of the old territory of the Republic must be given up; that foreign intervention, in any shape, must be rejected and resented. This party would desire to turn an offer of mediation to account, for the purpose of inflaming the war spirit and producing a reaction against the Conservatives.

It is probable, too, that the Government would urge, in answer to an offer of mediation, that it has by no means abandoned the hope of putting down the rebellion within a reasonable time; that, at all events, this is not a moment at which it can reasonably be called upon to put a stop to hostilities. It would observe that the armies of the United States are everywhere advancing, and that expeditions are prepared against Texas, as well as against Charleston, Mobile, and other points on the coast. It would point out that it had equipped a considerable number of war vessels, iron-clad as well as others, at a vast expense; that the season had just arrived when the autumn rains would render the rivers navigable by armed vessels, and when the Southern coast would be free from epidemic disease. It might even represent an advance of the army of the Potomac to Richmond as a probable event. The experience of the past is certainly not calculated to inspire any great confidence in the results of these warlike preparations, but the political interests of the party now in power render a continuance of the war a necessity to it. Its only chance of regaining its lost popularity lies in successful military operations. Unless it can obtain a much higher place in public estimation than it now occupies, not only will its tenure of power become extremely precarious, but some of its leading members may be called to a severe account for their extra-legal proceedings. During the session of Congress which begins next month, the present Administration has indeed reason to expect an uncompromising support from a majority of both Houses of Congress. But on the 4th of March next the existing House of Representatives is dissolved by the terms of the Constitution, and at the same time several of the present Senators go out of office. The majority of the members chosen at the recent elections for the new House of Representatives are of the Democratic or Conservative party, and in some States Senators of that party will be returned in the room of those whose term of office expires next March. The new Congress is in fact likely to be hostile to the Administration and to the Radical party; and although it will not, in the ordinary course of things, assemble until the last month of next year, the President will hardly be able to persist in his present policy and in his assumption of extraordinary powers, unless he can, in virtue of military successes, obtain a reputation with the people which will sustain him in a contest with the Legislature.

It would seem, then, to be vain to make an offer of mediation to the present Govern-

ment, in their present mood, with any notion that it would be accepted. A change of mood may, however, take place after the 4th of March, if no great military successes occur in the interval; such a change may possibly be produced sooner by military reverses. A proposal, however, to mediate made even under present circumstances, by three or more of the Great Powers of Europe conjointly, might not produce any great inconvenience.

It is, indeed, urged by some people that mediation should be offered, not so much with a view to its being accepted, as to its clearing the way for a recognition of the Southern Confederacy. And, indeed, if it were determined that the time had come for recognizing that Confederacy, no doubt an offer of mediation would be a suitable preliminary. But I do not clearly understand what advantage is expected to result from a simple recognition of the Southern Government; and I presume that the European Powers do not contemplate breaking up the blockade by force of arms, or engaging in hostilities with the United States in support of the independence of the South.

I have, indeed, heard it maintained that Great Britain should recognize the independence of the South as soon as possible, with a view to impede the success of the efforts of the Conservative Party to re-construct the Union. The advocates of this opinion consider a re-union as a probable event, and apprehend that the first result of it would be that the combined forces of the North and the South would be let loose upon Canada. I certainly do not at present share these apprehensions. All hope of the re-construction of the Union appears to be fading away, even from the minds of those who most ardently desire it. But if the re-construction be still possible, I do not think that we need conclude that it would lead to an invasion of Canada, or to any consequences injurious to Great Britain. At any rate dangers of this kind are remote. The immediate and obvious interest of Great Britain, as well as of the rest of Europe, is that peace and prosperity should be restored to this country as soon as possible. The point chiefly worthy of consideration appears to be whether separation or re-union be the more likely to effect this object.

No. 48.

Lord Lyons to Earl Russell.—(Received November 30.)

My Lord,

Washington, November 18, 1862.

I HAVE the honour to inclose a copy of a draft of new Regulations respecting the exportation of cotton and other articles from the Southern States, which has just been put into my hand by Mr. Seward. I have not time to consider it with attention before the departure of the messenger.

Mr. Seward begged me to bear in mind that the new Regulations would be applicable only to places in the military occupation of the United States. If they were issued, the present system of private trade with the South would, he said, be at the same time abolished. Under that system little or no cotton had found its way to market; under the new Regulations Mr. Seward hoped that all the cotton remaining in the South would be brought out. He considered, however, that he was in some degree bound by pledges to foreign Governments, and was, therefore, unwilling to make a change without consulting M. Mercier and me. He asked me to talk the matter over with M. Mercier, and expressed a hope that M. Mercier and I would both meet him to-morrow to discuss it.

I have, &c.
(Signed) LYONS.

Inclosure in No. 48.

Draft of New Regulations relative the Exportation of Cotton and other Articles.

1. ALL cotton, rice, tobacco, sugar and other property found in possession of persons described in the Act of Congress commonly known as the Confederation Act, will be seized for the use of the United States, and forthwith sent to the Assistant Quartermaster-General at New York, or other prominent markets, not more in all than three, to be disposed of as directed by the Secretary of War.

2. Cotton, rice, tobacco, and sugar found in possession of others than the persons so described, and not required for consumption by themselves or their families, will be taken possession of by the proper officers of the Military Department in which it may be found, who will give an order on the Assistant Quartermaster-General at New York for one half

the value thereof in that market, or pay, on account, not over one-third of such value according to the latest market prices there, as quoted.

3. Officers taking possession of cotton, or other property, under Regulation 2, will give to the claimant thereof a statement showing clearly the quantity and description taken and the amount drawn for, or paid; and will send duplicate copies of the same statement to the Secretary of War and the Assistant Quartermaster-General at New York, to whom all property so taken possession of must be sent with all practicable despatch.

4. The Quartermaster at New York, on receiving any property forwarded to him under the preceding Regulations, will proceed with all convenient speed to sell the same for the highest price that can be obtained in money; and will deposit the proceeds of sale with the Assistant Treasurer of the United States in New York, for the benefit, as to the surplus over amount paid, of the parties from whom received, on proof of loyalty.

5. In the custody of said property, and in making sales thereof, the Assistant Quartermaster in New York will be careful to keep the several lots distinct, both in sale and account, and will, with every deposit of proceeds, file with the Assistant Treasurer a statement showing the quantity sold, the person from whom taken or received, and the proceeds of each lot.

No. 49.

Lord Lyons to Earl Russell.—(Received December 3.)

(Extract.)

Washington, November 21, 1862.

IN my despatch of the 18th instant I transmitted to your Lordship a copy of a draft which had just been given to me by Mr. Seward, of certain new Regulations which it is proposed to establish with regard to cotton, rice, tobacco, and sugar in districts occupied by the United States' forces.

These Regulations provide that if the articles enumerated shall be found in possession of the persons described in the Confiscation Act, they shall (in common with other property) be seized for the use of the United States, and sent to New York, or some other Northern market, to be sold. It is provided, further, that the enumerated articles, when found in possession of others than persons so described, shall equally be taken possession of by the military officers of the United States, and sent to the Northern markets for sale; but the owners are, on proof of loyalty, to receive compensation.

The day before yesterday Mr. Seward having invited M. Mercier and me to dine with him, asked us after dinner what we thought of the proposed Regulations. We said that, in compliance with Mr. Seward's request, we had conferred with each other on the subject, and that we found that we could have nothing to say to these Regulations; that we must decline all responsibility concerning them. M. Mercier added that they constituted a rigorous war-measure to which we, being neutrals, could give no countenance.

M. Mercier and I abstained from making any further observations at that time, but yesterday we went together to the State Department and said to Mr. Seward, that in order to prevent any misunderstanding or inconvenience hereafter, we thought it right to state to him distinctly that our silence concerning the proposed Regulations must not be held to imply that we acquiesced in their being applied to our respective countrymen. M. Mercier observed that in consequence of the assurances of the Government of the United States, that neutral property would be respected, Frenchmen, and no doubt Englishmen also, had been encouraged to make purchases: we could not in any degree admit the right of the United States' Government to dispose of neutral property in the manner contemplated by the Regulations.

Mr. Seward said, without the smallest hesitation, that undoubtedly the Regulations were not intended to apply to neutral property, and would not in practice be applied to such property. Cotton and the other articles, if the property of disloyal citizens, would be confiscated; if the property of loyal citizens they would be taken possession of by the Government and compensation given. Neutrals would have the option of placing their cotton in the hands of the Government, and receiving compensation in the same way as loyal citizens. They would probably be glad to do so, because, as the exportation of cotton by private persons would be prohibited, they would have no other means of bringing it to market. But if they preferred to retain their cotton in their own possession, they would be entirely at liberty to do so. M. Mercier and I said that we took note of these assurances, but that we must not be understood as in any sense approving or assenting to the Regulations. M. Mercier added that he feared that the effect of them would be to

induce the Southern proprietors rather to burn what remained of their cotton than to give it up to the Federal officers.

Mr. Seward replied that he had good reason to believe that the majority of the proprietors would be only too glad to avail themselves of the facilities which the new plan would afford them for obtaining a price for their cotton. He proceeded to say that he was quite willing that M. Mercier and I should decline all responsibility concerning the Regulations, but that he was sure we should appreciate the motive which had led him to communicate them to us; that he had considered that the pledges he had given to foreign Governments rendered it only fair that he should acquaint us as early as possible with the contemplated change. He said in conclusion that when the Regulations were finally drawn up and adopted, he would give us due notice.

No. 50.

Lord Lyons to Earl Russell.—(Received December 11.)

(Extract.)

Washington, November 28, 1862.

THE intelligence that France had proposed to Great Britain and Russia to join her in advising the belligerents in this country to agree to an armistice reached New York by telegraph from Cape Race on the 25th instant. The substance of your Lordship's answer was received at the same time. Yesterday the text of the French proposal, of your Lordship's answer, and of the principal part of the Russian answer, was forwarded to New York by telegraph from Halifax.

It is to be observed that in every one of the newspapers I send, foreign intervention is distinctly repudiated. It is very true that the leaders of the political parties do not always put forth in the newspapers exactly the same sentiments which they entertain and even express in private. Still the unanimity of the Press on the present occasion shows at least that this is not a time at which public opinion would force the acceptance of foreign mediation upon a reluctant Cabinet.

No. 51.

Lord Lyons to Earl Russell.—(Received December 17.)

My Lord,

Washington, December 2, 1862.

MR. SEWARD, without my having in any way led to the subject, spoke to me yesterday of the proposal made by France to Great Britain and Russia to unite in advising the belligerents in this country to agree to an armistice.

Mr. Seward said that he perceived that some of the European Powers, all professing the most friendly feelings to this country, had been discussing its affairs among themselves without taking the Cabinet of Washington into their counsels. However, as no official communication had been made to this Government, it was not called upon to give any opinion, or to say what it should or should not have done if any proposal had been made to it. If any of the European Powers concerned should offer explanations on the subject, this Government would receive them respectfully, but would not be disposed to express any opinion on them.

Mr. Seward begged me to acquaint M. Mercier with what he had said. I accordingly went from Mr. Seward to M. Mercier, and repeated to him what Mr. Seward had just stated to me.

I have, &c.
(Signed) LYONS.

No. 52.

Earl Russell to Lord Lyons.

My Lord,

Foreign Office, December 19, 1862.

I HAVE received your Lordship's despatch of the 2nd instant, and with respect to Mr. Seward's remarks, unprovoked on your part, that he perceived that some of the

European Powers, all professing the most friendly feelings to the United States, had been discussing its affairs among themselves without taking the Cabinet of Washington into their counsels, I have to instruct you to take an opportunity of observing to Mr. Seward that without taking other reasons into consideration, the perusal of the accounts of the distress in Lancashire, owing to the want of cotton, which he will find in all the newspapers, will furnish him with reason enough for the discussion of American affairs in Europe.

Great numbers of Her Majesty's subjects are suffering severe distress in consequence of the belligerent operations of the Cabinet of Washington.

I am, &c.
(Signed) RUSSELL.

No. 53.

Lord Lyons to Earl Russell.—(Received January 2, 1863.)

My Lord,

Washington, December 19, 1862.

I HAVE the honour to inclose a copy of a despatch from Mr. Acting Consul Coppel, reporting the election of members of the United States' Congress for the first and second districts of the State of Louisiana.

I have, &c.
(Signed) LYONS.

Inclosure in No. 53.

Acting Consul Coppel to Lord Lyons.

(Extract.)

New Orleans, December 4, 1862.

I HAVE the honour to inform you that an election for two members of the United States' Congress was held yesterday in the first and second districts of this State, which includes this city.

The vote polled was a small one compared with those for the same districts at previous elections: 5,129 votes yesterday and 13,424 in 1859.

The members returned are, of course, unconditional Union men, but the election cannot be taken as a proof of the Union feeling of this city. Those who showed certificates of having taken the oath of allegiance, in conformity with one of General Butler's orders, though not legally naturalized, were the principal voters, and I am assured that but few *bonâ fide* electors cast their votes.

No. 54.

Lord Lyons to Earl Russell.—(Received January 2, 1863.)

(Extract.)

Washington, December 19, 1862.

MR. MOORE, Her Majesty's Consul at Richmond, having been informed that only Consuls in person would be allowed to pass into the Northern States, deemed it to be his duty, at great personal inconvenience, to bring me himself the despatches for your Lordship and this Legation which had been sent to him from the other British Consulates in the Southern States. He arrived here on the 15th instant, and set out on his return to his post this morning.

From information which he gave me, it appeared evident that a very great desire existed on the part both of the so-called Confederate Government and of private persons in the South to make large sales of cotton to neutral purchasers, and that the Confederate authorities were prepared to guarantee the safe transport of neutral cotton till it had passed beyond their own military lines. It seemed that they had even gone so far as to urge Mr. Moore to convey proposals from them to English merchants. This Mr. Moore, having no means of communicating with the Northern States or with Europe, except those afforded by the United States' Government in virtue of its understanding with the British and French Legations here, could not do without a breach of good faith, and he, of course, refused to listen to the solicitations which were made to him; nor, indeed, could the

proposals, if made, have led under present circumstances to any practical result, for it appears that the Confederates choose rather to burn their cotton than to run any risk of its falling into the hands of the Federals, while foreign merchants will, of course, not risk their money unless they have a sufficient guarantee that they shall at least be able to keep, if they be not able to export, their purchases.

I lost no time in making M. Mercier acquainted with the information given me by Mr. Moore, and I asked him whether he thought there was any mode, consistent with the maintenance of our good faith with this Government, in which we could turn to account, for the benefit of our respective countries, the growing desire of the Confederates to dispose of their cotton to neutrals. The only plan which we could devise was to endeavour to obtain from the United States' Government some definite assurance calculated to give confidence both to buyers and sellers of cotton in the South. We had very little hope of succeeding at the moment in eliciting any declaration sufficiently formal and explicit, but we agreed that there could be no harm in my mentioning to Mr. Seward the nature of the information which had reached me, and endeavouring to find out from him exactly what security the United States' Government would really give to neutral buyers, and what facilities it would afford for the exportation of their purchases.

I accordingly went to Mr. Seward on the 16th instant, and said to him that I concluded that he was not unaware that the Confederates made England and France the most tempting offers of cotton. They said, "Here is cotton in abundance; buy it, or we shall be obliged to burn it." I observed that this course could not but be successful, in one respect at least, unless the Federal Government took means to defeat it. It could not but raise bitter feelings towards the United States in Europe. Could not Mr. Seward give me some assurance which would tend to diminish such feelings?

I observed to Mr. Seward that what the Confederates wanted was to be assured that cotton sold to neutrals would not fall into the hands of United States' officers.

To this Mr. Seward answered, that the offers of the rebels were insidious. Why had not cotton been already sold to neutrals? Why had it not been brought to market? The Government of the United States had given every facility; it had declared that it would respect cotton, the property of neutrals, however obtained; it had even at one time conceded that cotton bought in the South might be paid for in gold instead of in United States' currency; that no inquiry should be made as to how the gold had been conveyed to the Insurgent States; no question asked as to who the cotton had been purchased from. A neutral would have had nothing to do but to take his cotton to New Orleans and export it. Still no cotton had appeared. The only effect of all these concessions had been to demoralize the army.

I asked Mr. Seward whether all these concessions had been recorded in official documents so distinctly as to leave no doubt of their existence or their extent. The communications concerning them had, I observed, taken place during my absence. I might not be fully acquainted with them, but certainly the impression on my mind was that the facilities for bringing and exporting cotton had been by no means so great as he represented them. I would ask him two questions: Was there any formal declaration that neutral cotton would be respected, so clear as to be calculated to remove all doubt from the minds of neutral buyers, as well as Confederate sellers? Again, might an English merchant at this moment safely buy a large quantity of cotton in the Southern States, and send it to New Orleans with a certainty that he would be allowed to export it?

Mr. Seward observed with regard to the first question, that neutral property was guaranteed by assurances given over and over again by this Government. To the second question, General Butler's proclamation would, he said, have been a sufficient answer; but the case might now be altered, for General Banks had probably by this time superseded General Butler, and the new plan might have been put in force.

I communicated to M. Mercier what Mr. Seward had said, and after some consideration we came to the conclusion that the only thing which would have any chance of being attended with a practical result would be to endeavour to obtain from Mr. Seward some assurance in writing.

On reflection, however, I became convinced that a mere informal declaration from Mr. Seward would not be sufficient. I could not feel sure that such a document would be held to be binding by all the Departments of the Government. I remembered with regard to the proclamation of General Butler, on which Mr. Seward laid so much stress, that at the very moment at which Mr. Seward had accepted from Mr. Stuart compliments on this proclamation, orders had without his knowledge been issued which rendered the concessions made by it altogether inoperative in practice. I came, therefore, to the conclusion that nothing would be gained unless I procured a regular formal document declaring the intentions of the whole Government. With this view I wrote to Mr. Seward the letter of

which a copy is inclosed. It was read and approved by M. Mercier on its way to the State Department.

I am not sanguine as to the success of this or any other attempt to obtain practical facilities for the exportation of cotton. It is difficult, if not impossible, for the Government of the United States to devise any plan by which sales of cotton can be effected in the South without occasioning a very material addition to the resources of the so-called Confederate Government. This is to the United States a certain and immediate evil. Against it, they have only to set the remote and uncertain danger that the want of cotton may drive the European Powers to take part with the South in the war.

Inclosure 1 in No. 54.

Lord Lyons to Mr. Seward.

Sir,

Washington, December 16, 1862.

MR. MOORE, our Consul at Richmond, brought me himself the last despatches from the other Consuls in the South, having been informed that only Consuls in person would be allowed to pass. He tells me that English and French merchants are afraid to buy cotton, and that people in the South are unwilling to sell it, because confidence is not felt that the property of neutrals will be respected by the Federal authorities. Is the Government of the United States willing to give an assurance, in a distinct and positive shape, that its officers will, without reservation, respect cotton, the property of neutrals?

From my conversations with you I understand that this Government will not interfere with cotton which is (or which shall become) the property of neutrals, nor deprive its owners of the control of it, even in cases in which it would take military possession of cotton the property of loyal citizens. Neutrals will (if I have not mistaken you) be allowed to avail themselves of any facilities for exportation which are, or which may be, afforded to loyal citizens, but will not be deprived of their free choice in the matter. Will the Government of the United States record this in a regular official document?

I should have mentioned this matter to you orally had I not been afraid of making some mistake in a matter which may involve so seriously the interests of British merchants. The communication being private no inconvenience can arise from its being in writing. I shall be very grateful for an early answer.

Believe me, &c.
(Signed) LYONS.

No. 55.

Lord Lyons to Earl Russell.—(Received January 8, 1863.)

My Lord,

Washington, December 26, 1862.

WITH my despatch of the 19th instant, I had the honour to transmit to your Lordship a copy of a letter which I had written to Mr. Seward, with a view to ascertain whether the Government of the United States was willing to give definite assurances calculated to give confidence to Confederate sellers and neutral purchasers of cotton. I spoke to Mr. Seward about this letter yesterday, and endeavoured to obtain from him some definite answer to the question put in it. Such an answer, however, he was evidently unprepared to give. I then inquired whether he could furnish me with any information respecting the intentions of the Government which would be calculated to allay disquiet in Europe, and to give a turn to public opinion favourable to the United States.

Mr. Seward said that one of the impediments to the restoration of the cotton trade had been an impression that the possession of New Orleans by the Federal Government would be only temporary, but that there was proof that this impression was fast fading away from the Southern mind. I might, indeed, Mr. Seward added, confidently assure people in Europe that, in a very short time, General Banks' military talents and administrative ability would restore loyalty to the whole State of Louisiana; that by a vote of the loyal inhabitants that State would resume its normal position in the Union, and that this could not fail to revive the cotton trade.

I observed to Mr. Seward that this prospect was distant and vague, and that my purpose would be much better answered by some distinct assurances as to matters at the present moment under the control of the Federal Government. If any English merchant should apply to me, might I advise him to make at once purchases of cotton in the so-called Confederate States, and send them to New Orleans? Might I tell him that he would be allowed to export his cotton without obstacle?

In answer to this Mr. Seward reverted to the new regulations which it is proposed to establish, and in virtue of which cotton is to be taken possession of by the Federal officers, and sent by them to the Northern markets, no other mode of exportation being allowed.

I observed to Mr. Seward, as I had done on more than one previous occasion, that I thought these regulations would cause alarm rather than satisfaction in Europe; that they would be regarded as placing neutrals in a worse position than they were already. Could not the United States' Government at least give some additional facilities to purchasers? If neutrals were sure of retaining control of their purchases they might be willing to buy, with a view to holding the cotton, in the hope that some contingency (such as that which he had mentioned of the restoration of loyalty in Louisiana), would enable the Government to remove all the restrictions on its exportation. This might, at least, save a great deal of cotton from destruction by the Confederates.

Mr. Seward said that the great difficulty lay in the mode of payment for the purchases. What were neutrals to send to the insurgent States in return for cotton? Here a military question arose at once. Could the Generals allow salt, or shoes, or clothing to pass? Could they not allow gold? I asked. And I added that in fact the only practical mode of facilitating purchases would be to bar all inquiries as to how the cotton was paid for; to let the buyers and sellers settle that matter as they best could.

It became evident that there was no use in continuing the discussion. Mr. Seward was plainly not in a position to make any concessions at all to neutrals. Nor is this surprising; for the only mode in which the Federal Government can, under present circumstances, bring cotton to market without adding to the resources of the so-styled Confederate Government or diminishing the privations of the Southern people, must be by seizing it by force and confiscating it; and consequently, the only facility likely to be given to neutrals is that of buying from the Federal authorities cotton thus seized. This seems to be the meaning of the new Regulations.

I have, &c.
(Signed) LYONS.

No. 56.

Lord Lyons to Earl Russell.—(Received January 14.)

My Lord,

Washington, January 2, 1863.

I HAVE the honour to inclose a copy of a Proclamation which was signed yesterday by the President of the United States, and countersigned by Mr. Seward as Secretary of State. It designates those States, or parts of States, in which, in pursuance of the Proclamation of the 22nd of September, all persons hitherto held as slaves "are, and henceforth shall be, free." The parts of Virginia and Louisiana which are excepted are those which are, by military occupation or otherwise, under the control of the United States' Government.

I have, &c.
(Signed) LYONS.

Inclosure in No. 56.

Extract from the "National Republican" of January 2, 1863.

By the President of the United States of America.

A PROCLAMATION.

WHEREAS, on the 22nd day of September, in the year of our Lord 1862, a Proclamation was issued by the President of the United States, containing, among other things, the following, to wit:—"That on the 1st day of January, in the year of our Lord

1863, all persons held as slaves within any State or designated part of a State, the people whereof shall then be in rebellion against the United States, shall be then, thenceforward, and for ever, free; and the Executive Government of the United States, including the military and naval authority thereof, will recognize and maintain the freedom of such persons, and will do no act or acts to repress such persons, or any of them, in any efforts they may make for their actual freedom.

“That the Executive will, on the 1st day of January aforesaid, by Proclamation, designate the States, and parts of States, if any, in which the people thereof, respectively, shall then be in rebellion against the United States; and the fact that any State, or the people thereof, shall on that day be in good faith represented in the Congress of the United States by members chosen thereto at elections wherein a majority of the qualified voters of such States shall have participated, shall, in the absence of strong countervailing testimony, be deemed conclusive evidence that such State, and the people thereof, are not then in rebellion against the United States.”

Now, therefore, I, Abraham Lincoln, President of the United States, by virtue of the power in me vested as Commander-in-chief of the army and navy of the United States in time of actual armed rebellion against the authority and Government of the United States, and as a fit and necessary war measure for suppressing the said rebellion, do, on this 1st day of January, in the year of our Lord 1863, and in accordance with my purpose so to do, publicly proclaimed for the full period of one hundred days, from the day first above-mentioned, order and designate as the States and parts of States wherein the people thereof respectively are this day in rebellion against the United States the following, to wit:

Arkansas, Texas, Louisiana (except the parishes of St. Bernard, Plaquemines, Jefferson, St. John, St. Charles, St. James, Ascension, Assumption, Terre Bonne, Louché, Ste. Marie, St. Martin, and Orleans, including the city of New Orleans), Mississippi, Alabama, Florida, Georgia, South Carolina, North Carolina, and Virginia (except the forty-eight counties designated as West Virginia, and also the counties of Berkeley, Accomac, Northampton, Elizabeth City, York, Princess Ann, and Norfolk, including the cities of Norfolk and Portsmouth), and which excepted parts are for the present left precisely as if this Proclamation were not issued.

And by virtue of the power and for the purposes aforesaid, I do order and declare that all persons held as slaves within said designated States, and parts of States, are and henceforward shall be free; and that the Executive Government of the United States, including the military and naval authorities thereof, will recognize and maintain the freedom of said persons.

And I hereby enjoin upon the people so declared to be free to abstain from all violence, unless in necessary self-defence; and I recommend to them that, in all cases when allowed, they labour faithfully for reasonable wages.

And I further declare and make known, that such persons of suitable condition will be received into the armed service of the United States to garrison forts, positions, stations, and other places, and to man vessels of all sorts in said service.

And upon this Act, sincerely believed to be an act of justice, warranted by the Constitution, upon military necessity, I invoke the considerate judgment of mankind, and the gracious favour of Almighty God.

In testimony whereof I have hereunto set my name, and caused the seal of the United States to be affixed.

Done at the city of Washington, this 1st day of January, in the year of our Lord 1863, and of the independence of the United States the eighty-seventh.

(Signed) ABRAHAM LINCOLN.

By the President:
(Signed) WILLIAM H. SEWARD, *Secretary of State*.

No. 57.

Earl Russell to Lord Lyons.

My Lord, *Foreign Office, January 17, 1863.*

THE Proclamation of the President of the United States, inclosed in your Lordship's despatch of the 2nd instant, appears to be of a very strange nature.

It professes to emancipate all slaves in places where the United States' authorities cannot exercise any jurisdiction nor make emancipation a reality, but it does not decree emancipation of slaves in any States or parts of States occupied by Federal troops, and subject to United States' jurisdiction, and where, therefore, emancipation, if decreed, might have been carried into effect.

It would seem to follow that in the Border States, and also in New Orleans, a slave owner may recover his fugitive slave by the ordinary process of law; but that in the ten States in which the Proclamation decrees emancipation a fugitive slave arrested by legal warrant may resist, and his resistance, if successful, is to be upheld and aided by the United States' authorities and the United States' armed forces.

The Proclamation, therefore, makes slavery at once legal and illegal, and makes slaves either punishable for running away from their masters, or entitled to be supported and encouraged in so doing, according to the locality of the plantation to which they belong, and the loyalty of the State in which they may happen to be.

There seems to be no declaration of a principle adverse to slavery in this Proclamation. It is a measure of war, and a measure of war of a very questionable kind.

As President Lincoln has twice appealed to the judgment of mankind in his Proclamation, I venture to say I do not think it can or ought to satisfy the friends of abolition, who look for total and impartial freedom for the slave, and not for vengeance on the slave-owner.

I am, &c.
(Signed) RUSSELL.

No. 58.

Lord Lyons to Earl Russell.—(Received January 24.)

My Lord,

Washington, January 7, 1863.

I HAD the day before yesterday the honour to receive your Lordship's despatch of the 19th ultimo, referring to a remark which was made to me some time ago by Mr. Seward, that he perceived that some of the European Powers had been discussing the affairs of the United States among themselves, without taking the Cabinet of Washington into their counsels. In obedience to your Lordship's orders I this morning took an opportunity of observing to Mr. Seward, with regard to this remark, that without taking other reasons into consideration, the accounts of the distress in Lancashire would furnish him with reason enough for the discussion of American affairs in Europe.

Mr. Seward took the observation in very good part, and said that the distress of the operatives in Europe was indeed a most painful subject of reflection.

I have, &c.
(Signed) LYONS.

No. 59.

Lord Lyons to Earl Russell.—(Received January 29.)

(Extract.)

Washington, January 13, 1863.

THE terms of service of a very large portion of the present army expire in the spring, or in the early summer. If the present state of feeling continues, very few of the men will re-enlist; fresh volunteers will not present themselves, and to enforce a large compulsory draft will be impossible. Already desertions are very frequent; they would, it is said, be much more so did not men remain in hopes of soon receiving the large arrears of pay due to them. It was stated the other day in Congress that more than one-fourth of the officers were absent from their regiments, some with, many without leave. The Emancipation Proclamation has disgusted many; it has made still more doubt the possibility of any other result to the war, whenever it may end, than separation. Nor is the one great advantage which the Republican party has—that of holding the Executive power, turned by them to the best account. The unpopularity and the failures of the Administration recoil upon its supporters, and they in return weaken the Administration by manifesting their discontent with it. The attack made upon the Cabinet by the Republican Senators has no doubt damaged it very much. Nor is the effect of it allowed to subside. It is pursued in the newspapers; indeed, yesterday the text of the Resolutions pressing the President to change his Cabinet was published in one of the Washington journals. Besides these party troubles, there is in some of the Western States, and especially in Indiana and Illinois, a discontent which causes apprehensions of even more than constitutional opposition. To add to all this, the state of the finances is becoming really alarming. The pay of the army is six months in arrear.

The Democratic party seeks to profit by the difficulties of its opponents, witho u

committing itself to any very definite policy. Thus it attacks the arbitrary arrests and the other extra legal measures of the Cabinet, and, above all, the military administration ; but it does not risk its own popularity by declaring against the war, or pronouncing the word "separation." Its leaders know that it is felt to be the peace party, and that it really gets all the votes of those who desire peace. They will not incur the danger of losing other votes by avowing a desire for peace themselves. They desire to throw on the Republicans all the responsibility of any unpopular measures which may become necessary. Foreign mediation is not likely to be acceptable to the people at large, and the Democrats would be very glad to escape all share of the unpopularity of having recourse to it.

According to present appearances the difficulty of keeping up the numerical force of the army would seem to be the most probable cause of peace. Great military successes might, however, revive the warlike spirit, and an invasion by the Confederates of the Northern States would probably induce great numbers of volunteers to enlist for a short period to defend their homes.

There is nothing at present to show whether or not there is likely to be in the meantime a conjuncture at which foreign Powers may step in with propriety and effect to put a stop to the effusion of blood.

I have the honour to inclose a copy of the Resolutions of the Republican caucus, which I mentioned above.

Inclosure in No. 59.

Extract from the "National Intelligencer" of January 12, 1863.

THE LATE CABINET TROUBLES.—We find in the "New York Evening Post" of Saturday last the following copy of the paper presented to the President on the 18th of last month, at the instance of the caucus of Republican Senators held about that time, suggesting the propriety of a change in the President's Cabinet. This paper, it is stated, was drawn up by Mr. Senator Collamer, of Vermont :—

"A meeting of the Republican members of the Senate of the United States, at which they were all present but two, after full consultation came unanimously to the following conclusion—one present not voting :

"First. The only course of sustaining the Government and restoring and preserving the national existence, and perpetuating the national integrity, is by a vigorous and successful prosecution of the war—the same being a patriotic and just war on the part of this nation, produced by and rendered necessary to suppress a causeless and atrocious rebellion.

"Second. The theory of our Government, and the early and uniform practical construction thereof, is, that the President should be aided by a Cabinet Council agreeing with him in political principles and general policy, and that all important public measures and appointments should be the result of their combined wisdom and deliberation. This most obviously necessary condition of things, without which no Administration can succeed, we and the public believe does not now exist, and, therefore, such selections and changes in its members should be made as will secure to the country unity of purpose and action in all material and essential respects, more especially in the present crisis of public affairs.

"Third. The Cabinet should be exclusively composed of Statesmen who are the cordial, resolute, and unwavering supporters of the principles and purposes first above stated.

"Fourth. It is unwise and unsafe to commit the direction, conduct, or execution of any important military operation or separate general command or enterprize in this war to any one who is not a cordial believer and supporter of the same principles and purposes first above stated.

"The Republican Senators of the United States entertaining the most unqualified confidence in the patriotism and integrity of the President, identified as they are with the success of his Administration, profoundly impressed with the critical condition of national affairs, and deeply convinced that the public confidence requires a practical regard to the above propositions and principles, feel it their duty, from the positions they occupy, respectfully to present them for Executive consideration and action."

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